



# EVALUATION OF THE TEMPORARY FOREIGN WORKER PROGRAM

**Report**

June 2021

## **Evaluation of the Temporary Foreign Worker Program**

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**ACRONYMS AND ABBREVIATIONS****List of acronyms and abbreviations**

<b>ESDC</b>	Employment and Social Development Canada
<b>HUMA</b>	Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities
<b>LMIA</b>	Labour Market Impact Assessment
<b>NOC</b>	National Occupational Classification
<b>SAWP</b>	Seasonal Agricultural Worker Program

INTRODUCTION

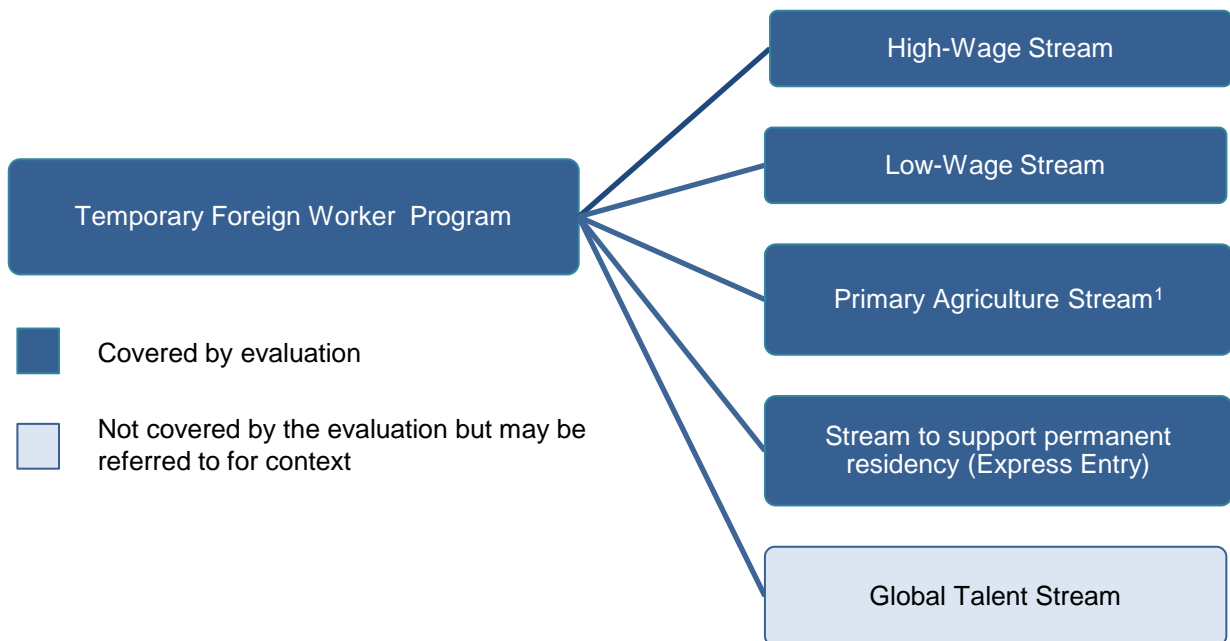


The Evaluation of the Temporary Foreign Worker Program was developed based on the knowledge gained from the last evaluation (presented in Annex A) and significant reforms to the program made in 2014.

The evaluation covers the portion of the program that is administered by Employment and Social Development Canada (ESDC) for the period from 2011 to 2018. However, the most recent data is provided where relevant. It focusses on the following issues:

- labour market shortages and gaps,
- employers' efforts to hire resident labour before applying to the program, and
- impact of the program on wages and displacement.

Figure 1: Evaluation scope



- ESDC's Performance Measurement and Evaluation Committee approved the Evaluability Assessment in April 2018. This includes the evaluation questions presented in Annex B.
- The evaluation used 5 lines of evidence:
  - a document and literature review,
  - an administrative data review and analysis,
  - focus groups,
  - key informant interviews, and
  - a survey of employers.
- More details about the evaluation methodology, the lines of evidence and their limitations can be found in Annex C.

<sup>1</sup> Any reference to the Primary Agriculture Stream should be interpreted as including the Seasonal Agricultural Worker Program (SAWP).

## KEY EVALUATION RESULTS SUMMARY

## KEY FINDINGS

1. The program plays a crucial role in helping Canadian employers temporarily fill different types of labour needs that are most commonly recurrent and that employers prove unable to meet using other means.
2. The program helps protect jobs for Canadians and permanent residents, and can contribute to job creation and economic growth in some sectors.
3. Overall, there is no evidence pointing to a risk for job displacement or wage suppression at the national level in Canada. In 2019, temporary foreign workers represented only 0.49% of the total labour force in Canada.<sup>2</sup> There is, however, evidence of varying factors affecting employment and working conditions in localized labour markets. This points to some risk of job displacement or wage suppression in some specific sectors, occupations and regions.
4. Important challenges related to the Labour Market Impact Assessment (LMIA) process and related requirements may hinder the effectiveness of the program for some program users.
5. Administrative and financial barriers associated with using the program may explain why some employers do not use the program. It should be noted that other comparable employers in similar situations use the program.
6. The program contributes towards ensuring that qualified Canadians or permanent residents are considered first for current job opportunities.
7. The transition plans required from employers who apply through the High-Wage Stream encourage some of them to support the foreign workers' transition to permanent residency.
8. Findings suggest that transition plans do not reduce employers' need for the program.

<sup>2</sup> This only includes those hired through the Temporary Foreign Worker Program at ESDC.

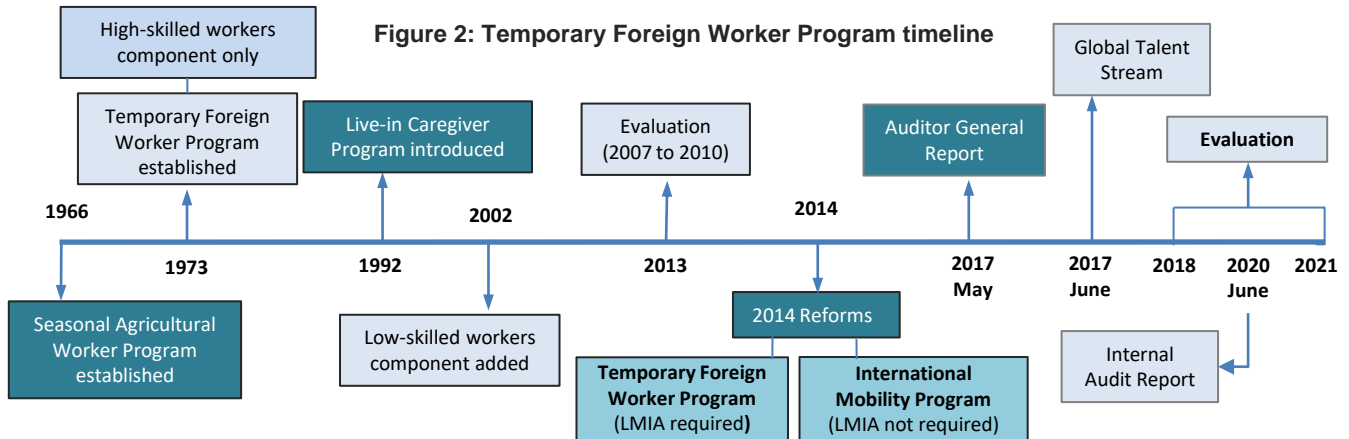


**RECOMMENDATIONS****Recommendations**

1. Better engage employers and key stakeholders on the objectives of the program.
2. Explore alternative approaches for application-based processing for returning or frequent program users who maintain good track records in the program.
3. Clarify processes to help program officers assess labour market impacts and shortages more consistently.

**PROGRAM BACKGROUND**

The Temporary Foreign Worker Program is legislated through the *Immigration and Refugee Protection Act* and *Immigration and Refugee Protection Regulations*. One of the key objectives of the program is to provide Canadian employers with access to temporary foreign workers when qualified Canadians or permanent residents<sup>3</sup> are not available.



The recruitment of foreign workers in Canada dates back to the 1960s. The Seasonal Agricultural Worker Program was first established in 1966 with the main focus on the agricultural industry. In 1973 the federal government put in place the Temporary Foreign Worker Program which focused on hiring high-skilled foreign labour. The Live-in Caregiver Program was introduced in 1992 with a key requirement that the caregiver must live with the hiring family. The program’s focus was further widened in 2002, adding the low-skilled workers’ component. Since then, the program has been expanding, reaching its peak in 2013 when 162,400 temporary foreign worker positions were approved under the program. In June 2014, the federal government announced reforms to the program, restructuring it into 2 distinct programs:

- the Temporary Foreign Worker Program, and
- the International Mobility Program.

The Temporary Foreign Worker Program is jointly administered by Employment and Social Development Canada, Immigration, Refugees and Citizenship Canada, and the Canada Border Services Agency.

Budget 2017 proposed an investment to support the continued delivery and improvement of the Temporary Foreign Worker Program and the International Mobility Program. The investment builds on Canada’s new Global Skills Strategy, which aims to facilitate the temporary entry of high-skilled international talent.



\$280 million over 5 years, starting in 2017-18



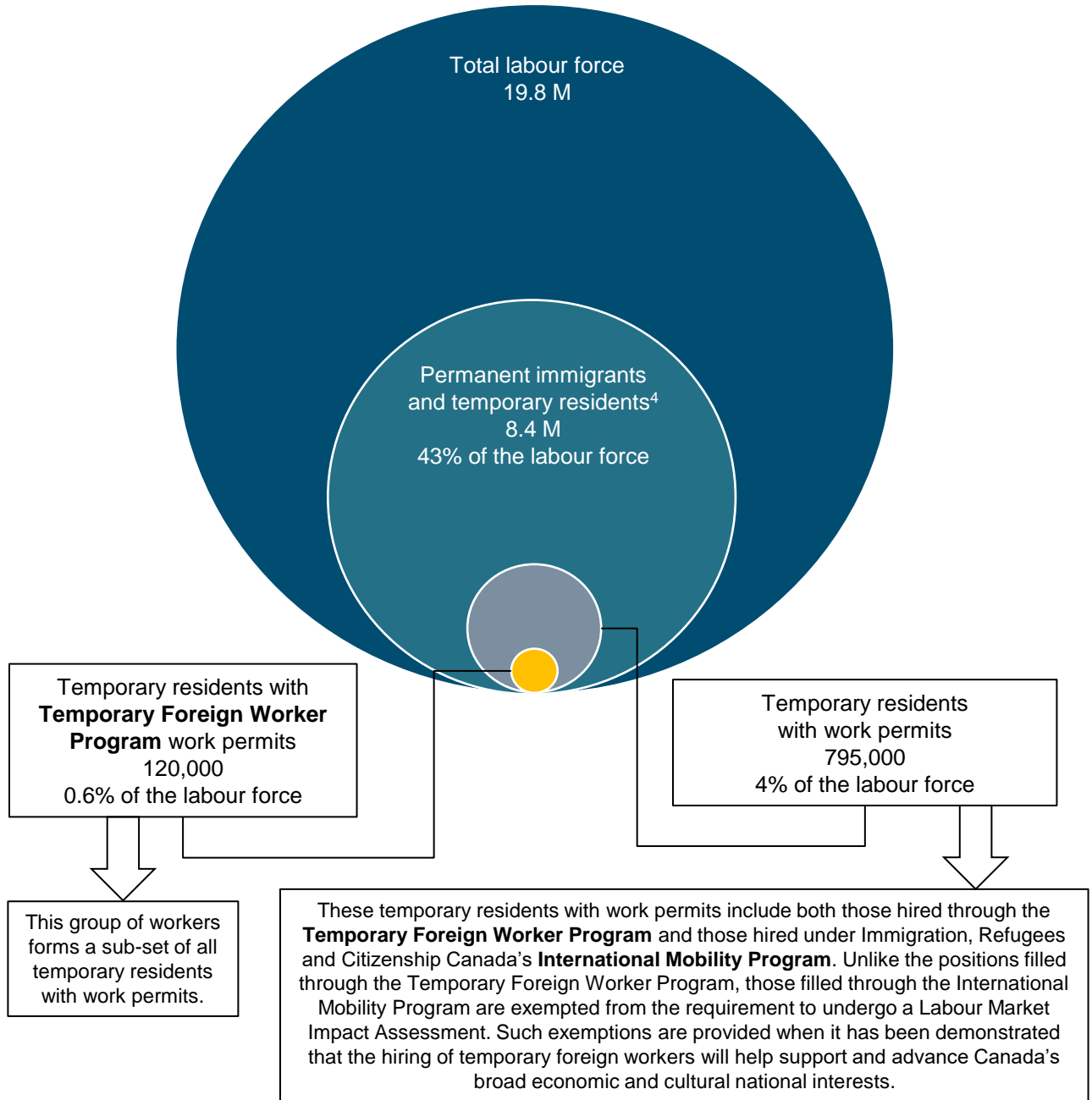
\$50 million per year thereafter

<sup>3</sup> Any reference to “Canadians” or “local workers” should be interpreted as including both Canadian citizens and permanent residents.

PROGRAM BACKGROUND

The Temporary Foreign Worker Program is a small proportion of the overall labour market.

Figure 3: Composition of the labour force (2018)



<sup>4</sup> Permanent immigrants and temporary residents include individuals admitted in 2018 as well as those who entered Canada in previous years but still had a valid work or study permit at the beginning of 2018. Individuals who were issued more than 1 work or study permit were only counted once. More recent data was not available.

## PROGRAM BACKGROUND

## Labour Market Impact Assessment (LMIA) Application requirements and assessment

- Canadian employers interested in hiring foreign nationals through the program must first determine whether a LMIA is required. The LMIA application must outline recruitment efforts, in order to demonstrate that they cannot find Canadians or permanent residents to meet their labour needs.
- The program's minimum requirements require that employers conduct a minimum of 3 distinct recruitment efforts. They have to last at least 4 weeks within the 3 month period prior to the employer applying for a LMIA.
- At least 1 recruitment effort should continue until the date a positive or negative LMIA is issued.
- Employers seeking to hire low-wage foreign nationals are required to recruit from at least 2 of the 4 underrepresented groups in the labour market (persons with disabilities, Indigenous people, newcomers and vulnerable youth).
- Employers seeking access to the High-Wage and Low-Wage Streams of the Temporary Foreign Worker Program are required to advertise on Job Bank, or on its provincial counterpart. They also have to use 2 or more additional methods of recruitment.
- Employers applying to the Global Talent Stream or the Primary Agriculture Stream are exempt from those requirements.
- For on-farm Primary Agriculture positions, employers need to conduct 1 additional method of recruitment. They are not required to ensure that at least 1 advertisement remains posted until the date a positive or negative LMIA is issued.
- Once those recruitment requirements are fulfilled, employers are to submit the LMIA application to ESDC. LMIA's are conducted by Service Canada to ensure that:
  - there is a genuine need for the temporary foreign worker position (for example skills or labour shortages), and
  - Canadians are not available to fill the position.
- Other factors considered during the LMIA application assessment include:
  - the number of Canadians who applied and were interviewed for the job,
  - the reasons for not hiring them, and
  - whether the temporary foreign workers may or will have a negative effect on the Canadian labour market.
- If all requirements are met, a positive LMIA is granted. This gives the employer the authorization to hire temporary foreign workers in some or all positions for which the application was submitted.<sup>5</sup>

<sup>5</sup>For more information about the program requirements and LMIA application process please visit the program website: [Hire a temporary worker through the Temporary Foreign Worker Program – Canada.ca](https://www.canada.ca/en/employment-social-development/services/foreign-workers/apply.html)

## PROGRAM BACKGROUND

- Employers hiring temporary foreign workers under the program must pay them the wage determined by the applicable collective agreement, if any. When those temporary foreign workers are hired in non-unionized positions, the employer has to pay them a prevailing wage established by the program.
- Employers must ensure that they include the wage to be paid for the position in the job posting.
- They must also review and adjust (if necessary) the foreign worker's wage after 12 months of employment. This is to ensure that the worker continues to receive the prevailing wage rate of the occupation and work location where the foreign worker is employed.



- The prevailing wage corresponds to the higher of:
  - the median wage for the corresponding occupation in the region where the job is located, as published on the [Job Bank](#) website,
  - the wage as defined by other publicly available labour market information, or
  - the wage the employer is paying Canadian or permanent resident employees working in the same occupation and work location, and who have the same skills and experiences.

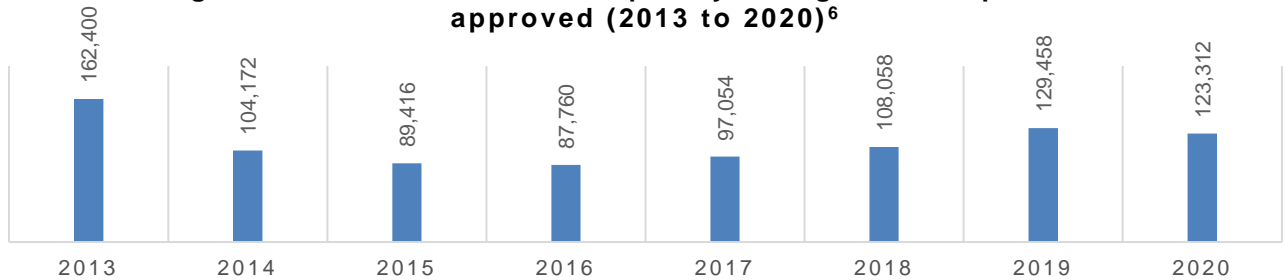
- In Quebec, where the program is delivered in partnership with the provincial government, the prevailing wage is determined by *Immigration, Francisation et Intégration Québec*, using a different wage grid.
- For each of the occupations listed, this grid also includes 3 wage quartiles associated with different levels of experience required for the job:
  - from 0 to 2 years (first quartile),
  - more than 2 years but less than 9 years (second quartile), and
  - more than 9 years of experience (third quartile).
- In both Quebec and the rest of Canada, the positions to be filled under the program are classified under the National Occupational Classification (NOC) 4 digit code that best corresponds to the job description.
- In Quebec, the wage data used is aggregated at the provincial level. In other provinces, it is available by economic region within the province. Finally, in Quebec, wage data may not be available at the provincial level for the corresponding National Occupational Classification code. In that case, the prevailing wage that will apply corresponds to the national median wage published on the Job Bank website for that National Occupational Classification code.

**KEY FINDINGS: SUPPORTING EMPLOYER NEEDS**

**1**

**Between 2013 and 2016, there is a downward trend (46%) in the number of positions approved under the Temporary Foreign Worker Program. This is followed by an increase of 35% between 2017 and 2019.**

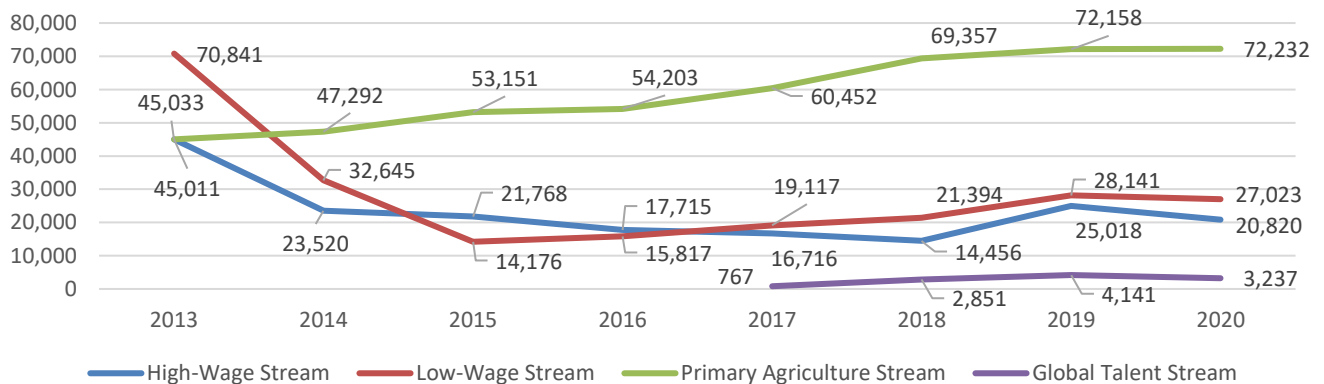
**Figure 4: Total number of temporary foreign worker positions approved (2013 to 2020)<sup>6</sup>**



- The decline in the number of positions approved between 2013 and 2016 is observed since the program gradually introduced the LMIA processing fees.
- Changes in the labour market (for example strong economic growth in the context of an aging population) required more foreign workers between 2017 and 2019, hence the upward trend.

- Figure 5 below indicates that:
  - between 2013 and 2020, the number of positions approved under the Low-Wage Stream decreased by approximately 62%,
  - over the same period the number of positions approved under the High-Wage Stream decreased by approximately 54%, and
  - the number of positions approved under the Primary Agriculture Stream over the same period increased by approximately 60%.
- The reduction of low-wage positions is considered to result from the establishment of a cap on the number of low-wage positions that can be filled under the program within single employer organisations.

**Figure 5: Total number of temporary foreign worker positions approved, by Stream (2013-2020)**



Source: Figures 4 and 5 - Open Government data from 2013 to 2020.

<sup>6</sup>The year 2020 should be considered an outlier due to the COVID-19 pandemic.

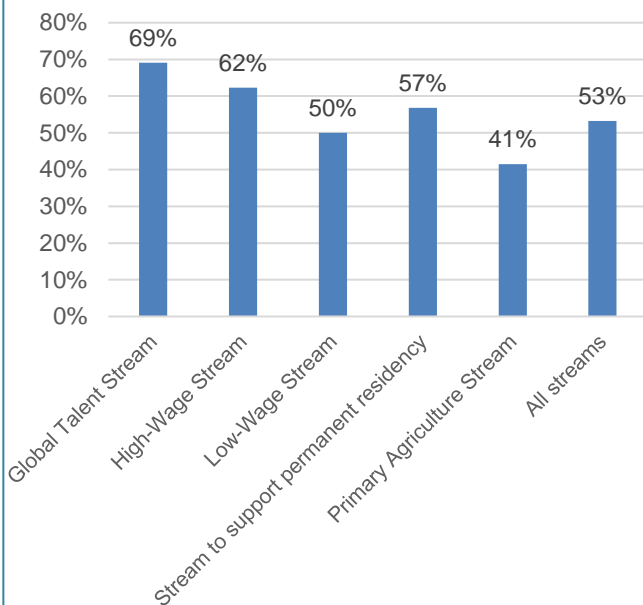
KEY FINDINGS: SUPPORTING EMPLOYER NEEDS

2

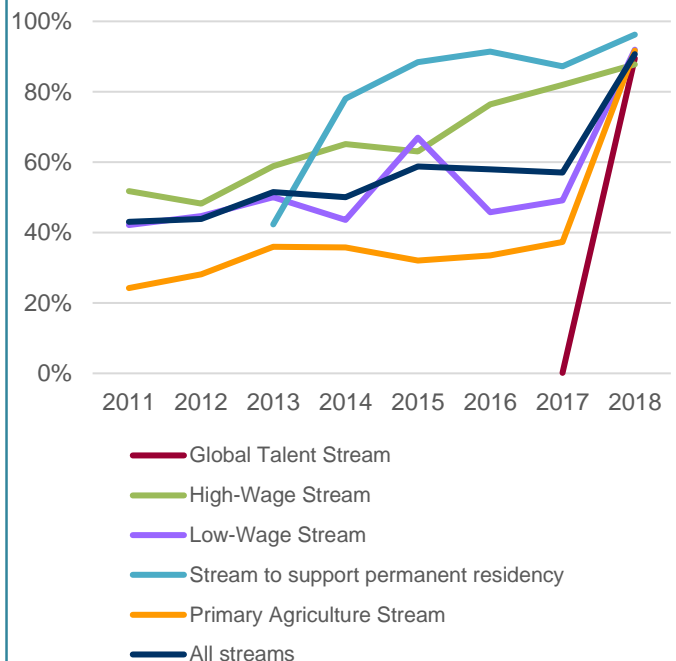
**A majority (53%) of employers indicated that they need the program to fill labour shortages.**

- 53% of LMIA applicants indicated that they required the Temporary Foreign Worker Program to fill labour shortages.
- According to Figure 6, labour shortages are noted most in the Global Talent and High-Wage Streams.
- This remained relatively stable over time but increased sharply between 2017 and 2018.

**Figure 6: Proportion of employers who indicated that the hiring of temporary foreign workers will fill labour shortages, by stream (2011 to 2018)**



**Figure 7: Proportion of employers who indicated that the hiring of temporary foreign workers will fill labour shortages, by year and stream (2011 to 2018)**



- The program is often considered by employers and other stakeholders as the only solution for finding and/or retaining workers in occupations or industry sectors where there are:
  - skills shortages,
  - labour gaps, and/or
  - retention issues, either nationally or regionally.

Source: Figures 6 and 7 – ESDC’s LMIA system data analysis (2011 to 2018).

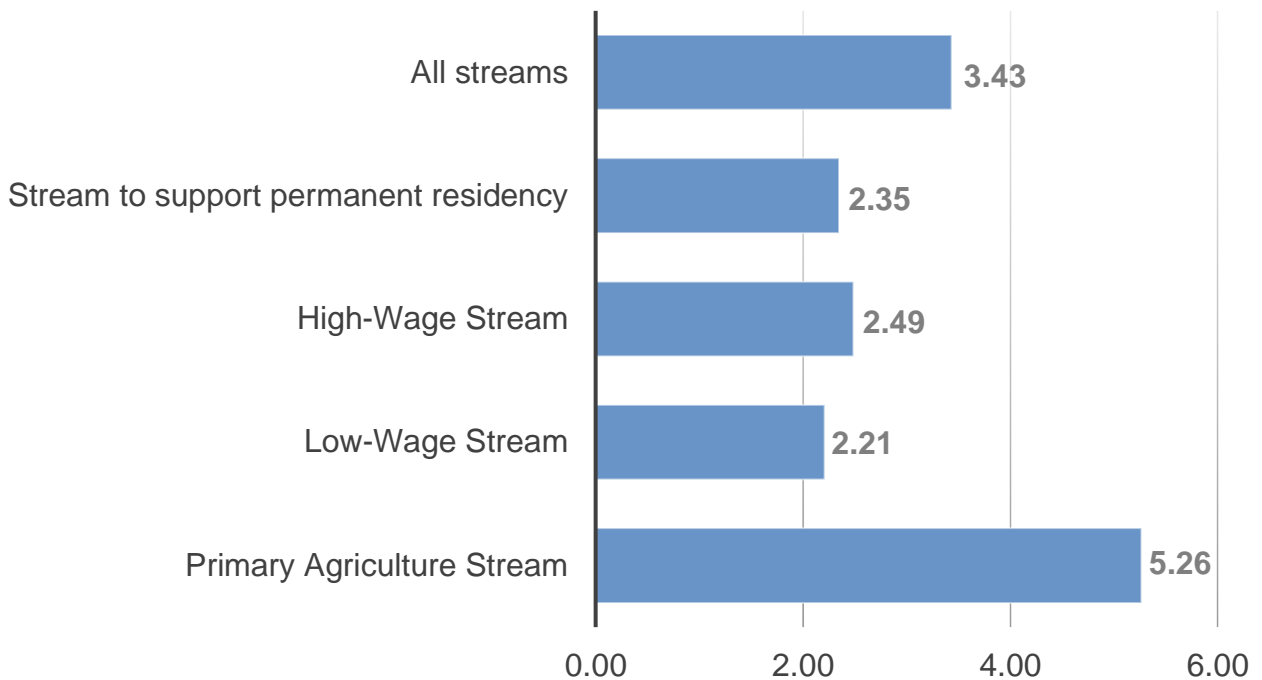
## KEY FINDINGS: SUPPORTING EMPLOYER NEEDS

3

**Survey respondents from all streams applied to the program on average 3 times between 2015 and 2020.**

- Applications to the Temporary Foreign Worker Program continue at a steady pace, indicating an ongoing need for workers.
- The 505 survey respondents (employers) submitted a total of 1,734 LMIA applications between 2015 and 2020. Each applicant made on average 3.43 applications during that period.
- Employers who applied under the Primary Agriculture Stream are those who reported using the program most frequently. They submitted an average of 5.26 applications over the reference period.
- A lower number of applications (average 2.21) were made under the Low-Wage Stream.

**Figure 8: Average number of applications submitted by survey respondents (unique employers), by stream (2015 to 2020)**



Source: ESDC's employer survey 2020 (for the period 2015 to 2020).



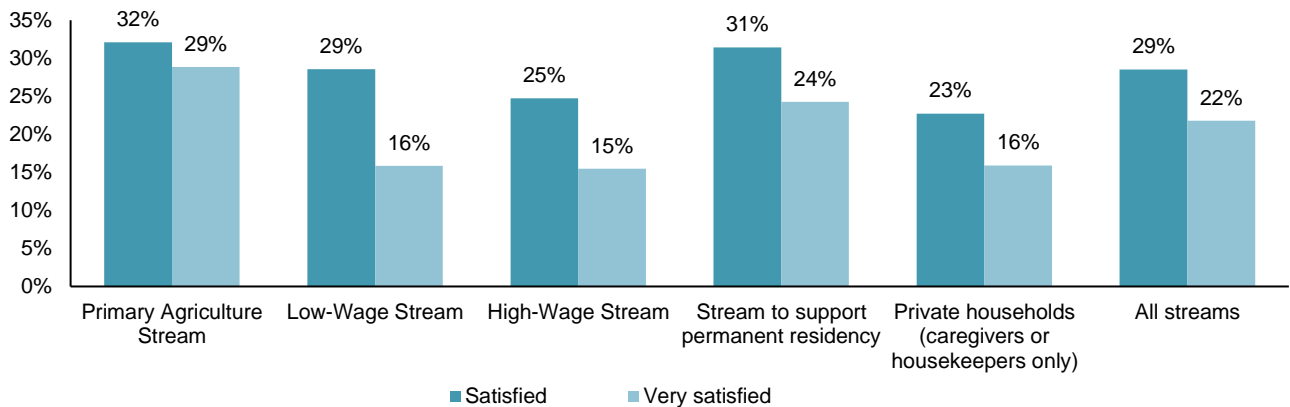
**KEY FINDINGS: SUPPORTING EMPLOYER NEEDS**

**4**

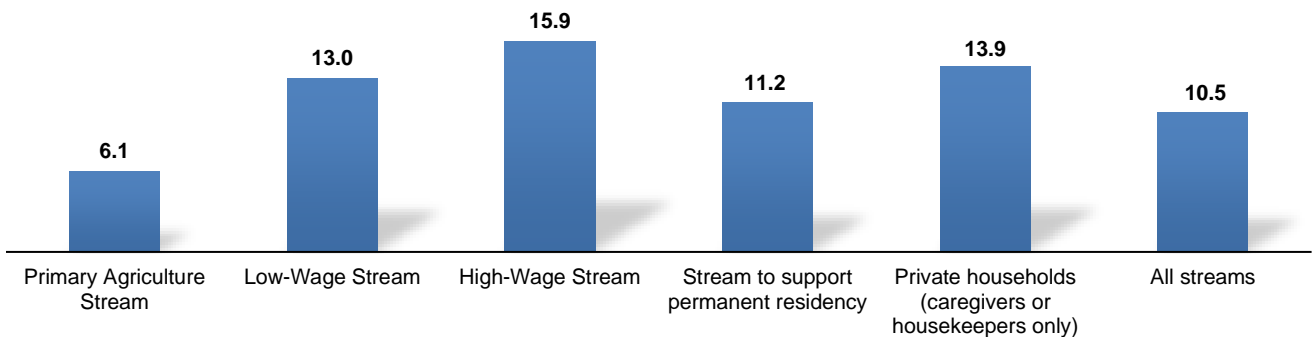
**The level of satisfaction with the timeliness of the response to applications varies by stream with 50% to 60 % not being satisfied.**

- Based on survey responses, the period of time required before obtaining the result of the LMIA was **10.5 weeks** on average for all program streams.
- This processing time was particularly high at about **16 weeks** for the High-Wage Stream.<sup>7</sup>
- Respondents indicate needing to begin recruitment efforts up to 1 year in advance to account for LMIA and work permit processing times.

**Figure 9: Percentage of respondents who were satisfied or very satisfied with the timeliness of the response to their application (n=505)**



**Figure 10: Average number of weeks required before obtaining the Labour Market Impact Assessment (LMIA) result, according to estimates provided by survey respondents (n=353)<sup>8</sup>**



Source: Figures 9 and 10 – ESDC’s employer survey 2020 (for the period 2015 to 2020).

<sup>7</sup> The survey was conducted in summer-fall 2020 during the early stage of the COVID-19 pandemic. As such, some answers could be referring to the processing time affected by the pandemic.

<sup>8</sup> The other respondents (134/505, or roughly 30%) did not respond or did not know the number of weeks it took to process their last LMIA application for which a result was obtained, either positive or negative (as of summer-fall 2020).

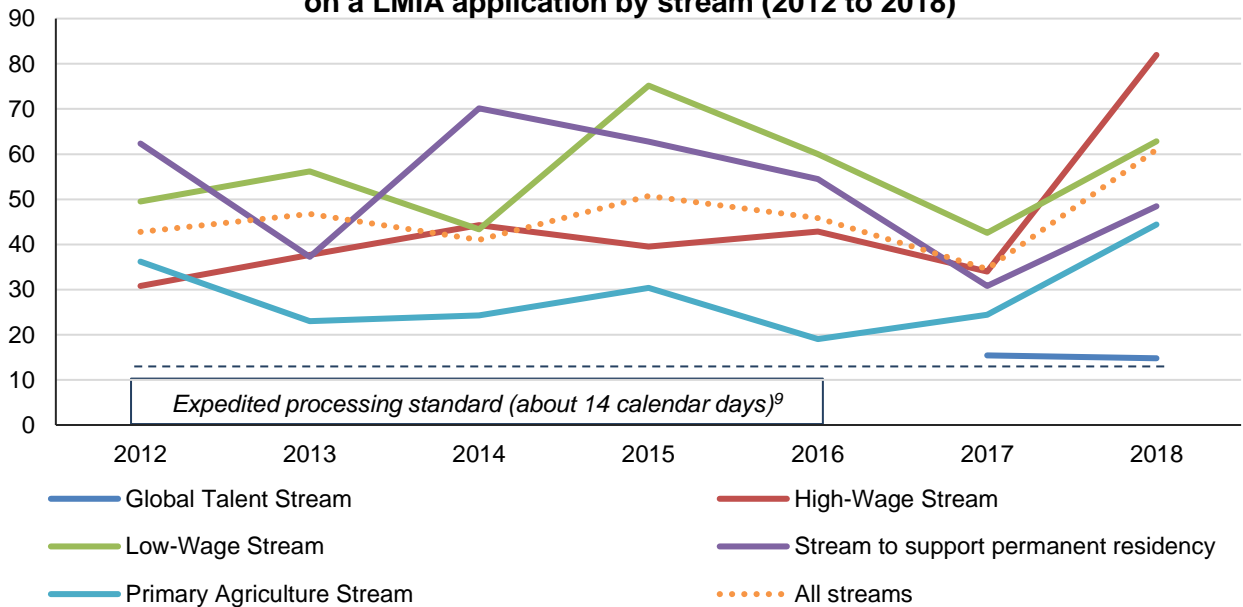
**KEY FINDINGS: SUPPORTING EMPLOYER NEEDS**

**5**

**The average number of calendar days required to process LMIA applications reached 61 days in 2018. It was even higher at 82 days for those submitted in the High-Wage Stream.**

- The average LMIA processing times tend to fluctuate significantly over time and by program stream.
- Service standards are generally met for applications submitted under the Global Talent Stream. However, they are not always met for applications submitted under the Stream to support permanent residency which have a 10 business days processing standard.

**Figure 11: Average number of calendar days required to make a decision on a LMIA application by stream (2012 to 2018)**



Source: ESDC’s LMIA system data analysis for the current evaluation covering the period from 2012 to 2018.

<sup>9</sup> For comparison purposes, the 10 business days standard was adjusted to approximately 14 calendar days or 2 full weeks.

The 2016 Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) Review also pointed out that the length of time to process the Labour Market Impact Assessment applications across the streams was a challenge. The 10 business days processing service standard for high-demand occupations introduced in 2014 was not always met.

**Table 1: Average Labour Market Impact Assessment processing times for February 2021**

Global Talent Stream	13 business days
Agricultural Stream	21 business days
Seasonal Agricultural Worker Program	14 business days
Permanent Residence Stream	21 business days
High-Wage Stream	32 business days
Low-Wage Stream	33 business days
In-home caregivers	15 business days

## KEY FINDINGS: SUPPORTING EMPLOYER NEEDS

6

**According to Service Canada key informants, a combination of factors explain why processing times have been increasing and can continue to fluctuate over time.**

Significant and unexpected increases in the demand for Labour Market Impact Assessments.

The complexity and frequent changes of program rules and requirements makes the training of new program staff relatively lengthy and challenging.

The implementation of a National Quality Control Program required that more information is provided to substantiate the decisions made. This increased the average time required to process each application.

The implementation of a new IT system in 2018 for the processing of applications encountered major hurdles. This led to the accumulation of a significant backlog of applications to be processed.

- In 2021, the House of Commons Standing Committee on Citizenship and Immigration also pointed out that:
  - the work permit processing times are lengthy,
  - the administrative burden on small businesses needs to be reduced, and
  - successful applicants should be fast-tracked for permanent residency, if applicable.
- The Committee also noted a need to improve:
  - consistency within Service Canada,
  - coordination between ESDC and Immigration, Refugees and Citizenship Canada, and
  - communications in the context of the COVID-19 pandemic.

- Some suggestions made by external stakeholders to reduce the administrative burden associated with the LMIA process include:
  - the creation of a **simplified renewal process** for employers who show a good track record in the program, and
  - the implementation of an accreditation system or « **trusted employer model** » for employers who need to use the program on a more frequent basis, due to recurring or chronic labour shortages.

Sources: ESDC's key informant interviews (2020). Parliament of Canada, Standing Committee on Citizenship and Immigration (2021).

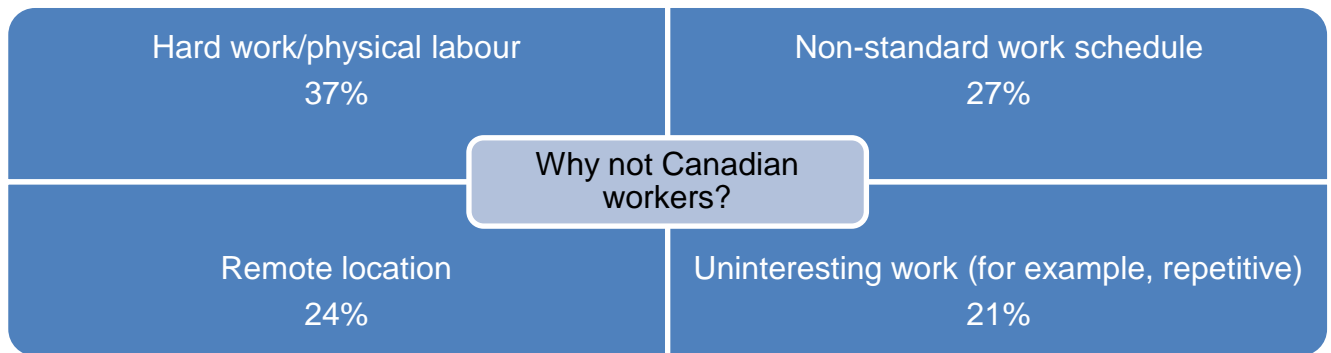
**KEY FINDINGS: SUPPORTING EMPLOYER NEEDS**

7

**Employers note a reluctance among Canadian workers to apply for jobs in certain streams.**

- 63% of employers who received a negative LMIA decision still had difficulties finding Canadians for the position offered.
- A higher proportion of employers in the High-Wage Stream mentioned that Canadians are not interested, available or qualified.
- A higher proportion of employers in the Primary Agriculture Stream mentioned that the hard work and physical condition of their job is a challenge in recruiting Canadians.

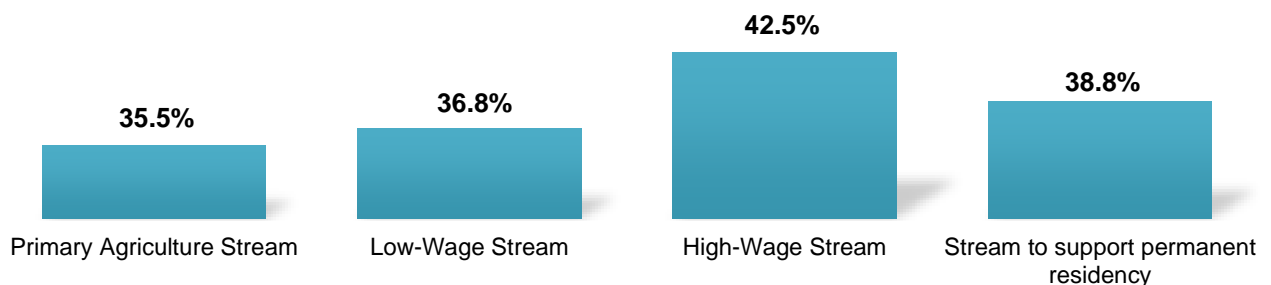
**Table 2: Top 4 reasons why Canadian workers were not interested in applying for the positions offered by the employers**



**Other Reasons...**

Temporary/seasonal job	19%
Low wage	19%
Poor working environment	18%
Low hours	5%

**Figure 12: Proportion of employers who indicated that Canadians are not interested, available or qualified, by stream**



Source: Table 2 and Figure 12 – ESDC’s employer survey 2020 (for the period 2015 to 2020).

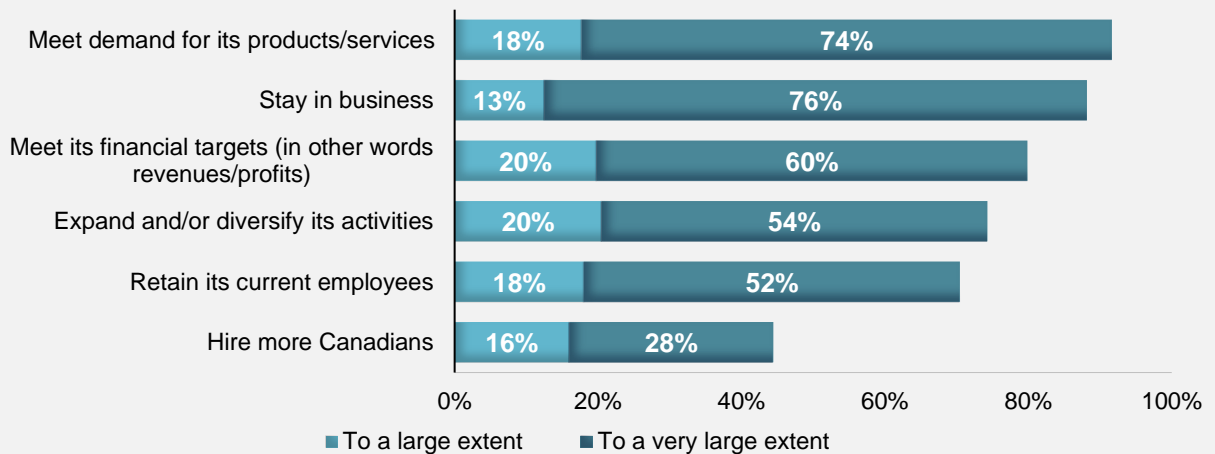
KEY FINDINGS: SECTOR SUSTAINABILITY

8

**The vast majority (92%) of employers who hired temporary foreign workers reported that it helped them meet demand for their products or services.**

- The majority or vast majority of survey respondents who hired temporary foreign workers also reported that it helped improve their organization's ability to:
  - stay in business (89%),
  - meet financial targets (80%),
  - expand or diversify activities (74%), and
  - retain current employees (70%).
- Without the program, some firms would need to reduce their output or the quality of the goods and services produced, while others may cease to exist.
- Gross (2014) argues that “in the absence of a well-framed Temporary Foreign Worker Program, wages will rise or the production will be stopped (or decreased) due to a lack of domestic workers. Thus, an effective Temporary Foreign Worker Program can make a positive contribution to smoothing (and/or increasing) economic development. By filling in positions left vacant by domestic workers, temporary foreign workers act as temporary complements to domestic workers.”
- Input obtained through key informant interviews and focus groups also indicates that the program can provide these benefits:
  - productivity gains,
  - reduced turnover and business stabilization, since temporary foreign workers are tied to them through employer-specific work permits, and
  - allow a potential transfer of new skills and knowledge from the temporary foreign workers to Canadian or permanent resident staff.

**Figure 13: Percentage of employers who reported that hiring temporary foreign workers improved their organization's ability to do the following, to a large or very large extent (n=288)<sup>10</sup>**



Source: ESDC's employer survey 2020 (for the period 2015 to 2020).

<sup>10</sup> Those survey results exclude responses obtained from private households who only applied to the program to hire housekeepers or caregivers for children or seniors.

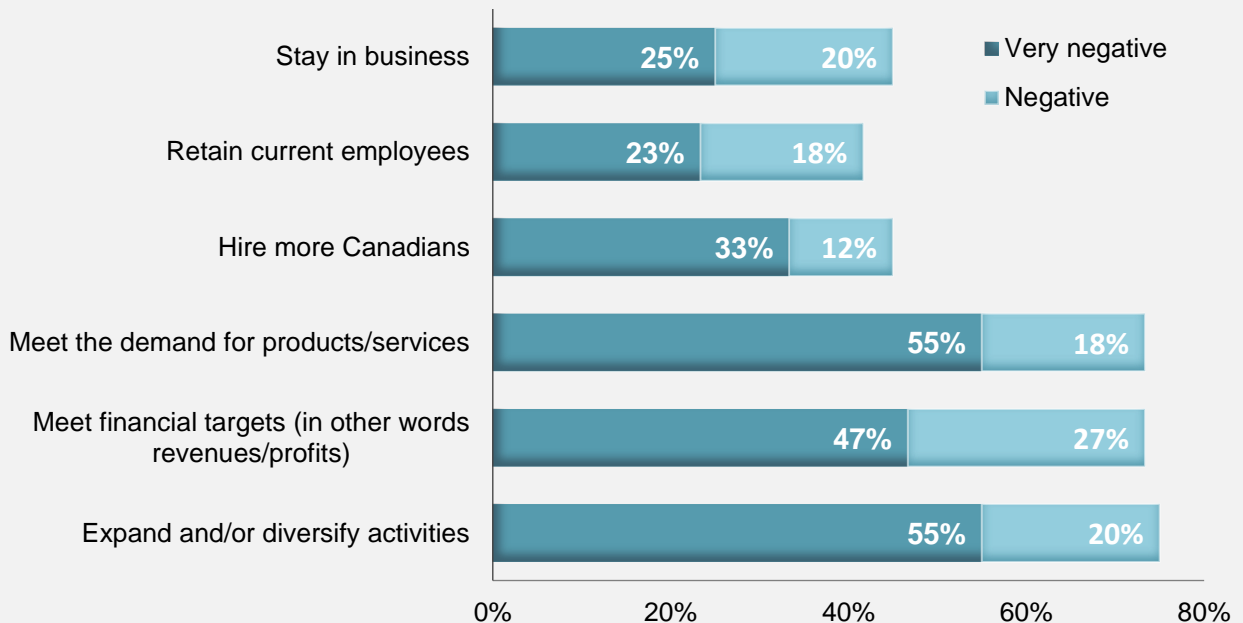
KEY FINDINGS: SECTOR SUSTAINABILITY

9

**There were negative implications for 76% of employers who obtained a negative Labour Market Impact Assessment.<sup>11</sup>**

- According to employers, the program contributes to sector sustainability. The findings in Figure 14 suggests the following:
  - 45% indicated that they could not stay in business,
  - 74% reported that they could not meet their financial targets, and
  - 75% indicated that they could not expand or diversify their business.
- According to the Canadian Agricultural Human Resource Council, the inability to hire temporary foreign workers to respond to unfilled job vacancies on farms can result in production losses and delays. This leads to lost revenue (2020).
- Mukhopadhyay and Thomassin (2021) also note that temporary foreign workers can “lower the operating costs for firms through increased output and encouraging either expansion or at least maintenance of current output.”
- These findings confirm that foreign workers contribute to sector sustainability in Canada.

**Figure 14: Percentage of respondents who reported that not being able to hire foreign workers had a negative impact on their ability to:**



Source: ESDC’s employer survey 2020 (for the period 2015 to 2020).

<sup>11</sup> Excluding private households who only applied to the program to hire housekeepers or caregivers for children or seniors. Given the small size of this sample of respondents (n=60), these results cannot necessarily be generalized to the whole population of employers who did not obtain the authorization to hire temporary foreign workers at least once, either for some or all of the positions for which they applied to the program.

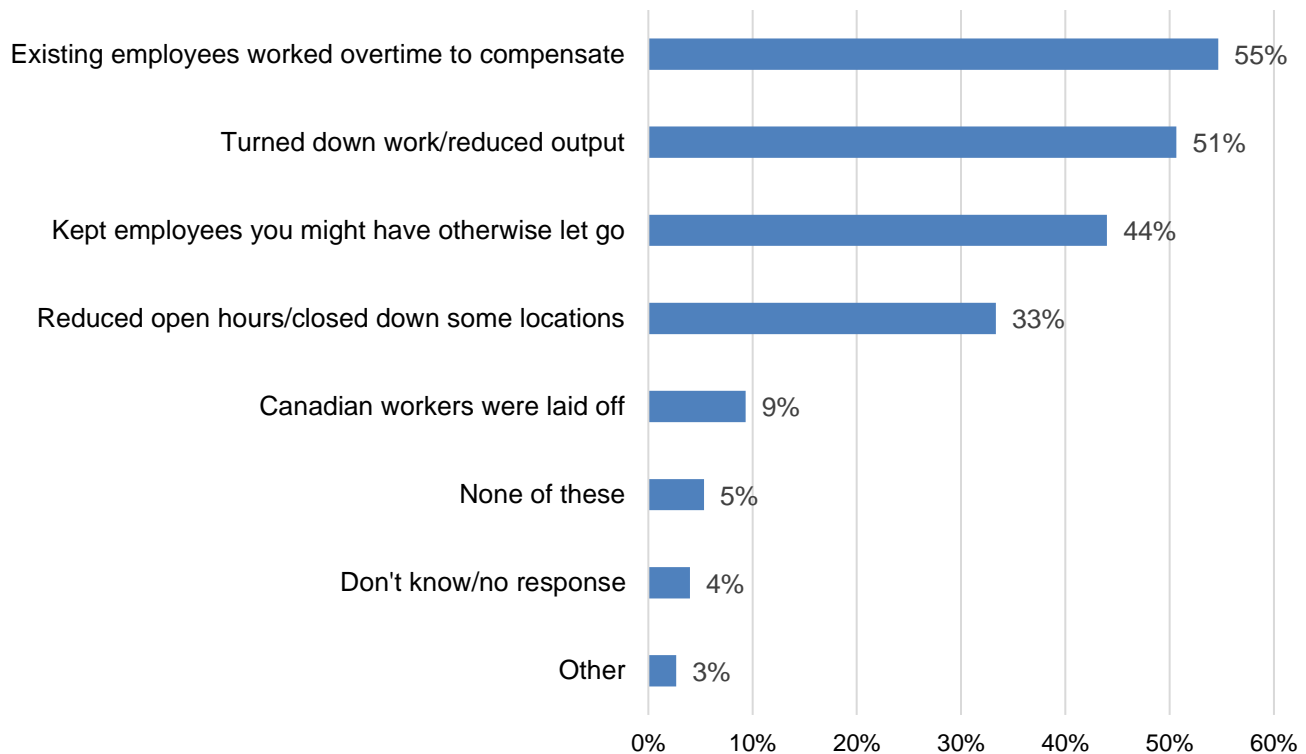
KEY FINDINGS: SECTOR SUSTAINABILITY

10

**More than half (55%) of the employers who were not authorized to hire some or any temporary foreign workers had to ask their current employees to work overtime to compensate.**

- According to employers, the inability to hire temporary foreign workers can negatively impact Canadian workers:
  - 44% kept employees that should have been let go,
  - 33% reduced opening hours or closed down locations, and
  - 9% Canadians were laid off due to not being able to stay open.
- These findings also suggest that foreign workers contribute to sector productivity and sustainability in Canada.

**Figure 15: As a result of not being able to hire foreign workers, did any of the following occur? (n=75)**



Source: ESDC's employer survey 2020 (for the period 2015 to 2020).

## BACKGROUND: WAGE SUPPRESSION AND JOB DISPLACEMENT

An inherent concern associated with immigration policy at-large and the Temporary Foreign Worker Program specifically, is their impacts on the domestic labour markets (at the national and/or local level). The premise for these concerns is typically rooted in the view that immigrants are competing with domestic workers over a fixed number of jobs. Based on this premise, immigrants would potentially:

- put downward pressures on national/local wages (wage suppression); and
- lead to lower employment rates as domestic workers drop out of the labour force (job displacement).

These concerns generally align with basic inferences from the standard theoretical model of supply-and-demand. In this model, an increase in the labour supply leads to lower wages for all workers (Constant, 2014).

However, this type of inference is often viewed as overly simplistic, since it omits a number of key considerations (Mukhopadhyay and Thomassin, 2021, Banerjee and Duflo, 2019, Somerville and Sumption, 2009). For instance:

- Immigrants and domestic workers may complement rather than compete with each other.
- Immigrants may contribute to labour market efficiency, which in turn also affects the demand for domestic workers.
- Immigrants consume goods and services, which in turn affects the demand for domestic workers.

Taken together, these considerations suggest that immigrants lead to an increase in both the labour supply and labour demand. As per the standard theoretical model of supply-and-demand, both increases are associated with offsetting effects on wages and employment. Which effect dominates becomes an empirical question.

Most of the empirical research in this area focuses on the impact of immigration (or permanent migrants) on the wages and employment of domestic workers. On the impact of temporary migrants on the labour market of the host country, the literature is limited (Mukhopadhyay & Thomassin, 2021). In the particular case of the Temporary Foreign Worker Program, not enough empirical research has been conducted to inform a definite answer on these questions (Mukhopadhyay and Thomassin, 2021).

### Definitions

**Job displacement:** Displaced workers are workers who permanently lost a stable job in the last few years and who are currently unemployed, out of the labour force or re-employed (Organisation for Economic Co-operation and Development).

**Wage suppression:** Wage suppression occurs when **downward pressure is put on domestic wages** – thereby keeping them low. This is sometimes attributed to firms offering lower wages than they would otherwise in order to maximize their use of the Temporary Foreign Worker Program.<sup>12</sup>

<sup>12</sup> Definition developed for the Temporary Foreign Worker Program Wage Review (2019).



## BACKGROUND: WAGE SUPPRESSION AND JOB DISPLACEMENT

From an empirical perspective, assessing the impact of temporary foreign workers on domestic labour markets is very complex. It involves many observable and unobservable contributing factors. The impact of temporary foreign workers on the national and local labour markets depends, in part, on:

- the degree of substitutability between the domestic and the foreign workers,
- the degree of labour market tightness and how it is affected by seasonality,
- labour market institutions, such as income support programs and wage-setting mechanisms affecting the mobility and work decisions of domestic workers, and
- firms' decisions regarding the allocation of resources between labour and capital, which in turn affects the demand for domestic workers.

Other factors, often unobservable such as language barriers, local/organizational norms and culture, and motivation may also affect these decisions. Exacerbating the challenge with the conduct of such an empirical analysis is the small number of temporary foreign workers relative to the size of the Canadian labour force. Even at the regional and industry level, where the incidence of temporary foreign workers among labour force participants is relatively higher, disaggregate labour market information would be subject to variability due to small sample sizes. Furthermore, approaches to isolate the impact of temporary foreign workers inherently involve the estimation of how national and local labour markets would have adjusted in the absence of temporary foreign workers. This is not observed and therefore remains subject to debate.

For these reasons, no advanced empirical analysis was conducted as part of this evaluation. Instead, the Evaluation Directorate commissioned two research projects to assess potential impacts of the Temporary Foreign Worker Program's Low-Wage Stream on the Canadian labour market. The research has a focus on the potential suppression of Canadian wages and displacement of Canadian workers. This research takes advantage of the newly available linkages between Temporary Foreign Worker Program data and the Canadian Employer-Employee Dynamics Database. The creation of this new consolidated dataset is the result of efforts from ESDC's Evaluation Directorate in collaboration with the Chief Data Officer, Immigration, Refugees and Citizenship Canada, and Statistics Canada. It is meant to enable this type of research work, policy analysis and future evaluations (for more details, see Annex D). Due to COVID-19, these research projects were delayed and are expected to be completed in 2022. They will shed more light on the complex questions of job displacement and wage suppression. Once completed, the research reports will be available upon request.

As a complementary effort, this evaluation aims at contextualizing the potential risk of wage suppression and job displacement. This was done by gathering information mainly through qualitative lines of evidence (for example a survey, key informant interviews and focus groups) and descriptive quantitative data analysis. Information gathered as part of this evaluation may help inform specific policy design features of the program. However, it is not sufficient to draw specific and definitive conclusions on these two labour market issues.

## KEY FINDINGS: JOB DISPLACEMENT AND WAGE SUPPRESSION

## Summary of evaluation findings on job displacement and wage suppression

## Key findings indicating no risk for job displacement and wage suppression at the national level

- In 2019, there were about 98,000 foreign workers who were hired through the Temporary Foreign Worker Program in Canada. They accounted for just **0.51%** of total employment and **0.49%** of the total labour force in Canada.
- Approximately 38% of employers perceived that Canadian workers are either not interested, available or qualified for the job opportunity.
- Only 12.6% of Canadian job seekers viewed potential job matches on the Job Bank between 2015 and 2018, suggesting low interest in foreign-worker-dominated jobs.
- Approximately 63% of employers who received a negative LMIA decision continued to have difficulties in finding Canadians to fill positions.
- Gross (2014) argued that the Temporary Foreign Worker Program has allowed jobs to be filled relatively quickly, which prevents interruptions in production.
- An expert panel discussion related to the Temporary Foreign Worker Program and the labour market noted that since the temporary foreign workers constitute a small fraction of the Canadian population, any negative impact they may have will be small (ESDC Workshop Report, 2018).

## Some of the evidence pointing to some risk of job displacement and wage suppression is noted as follows:

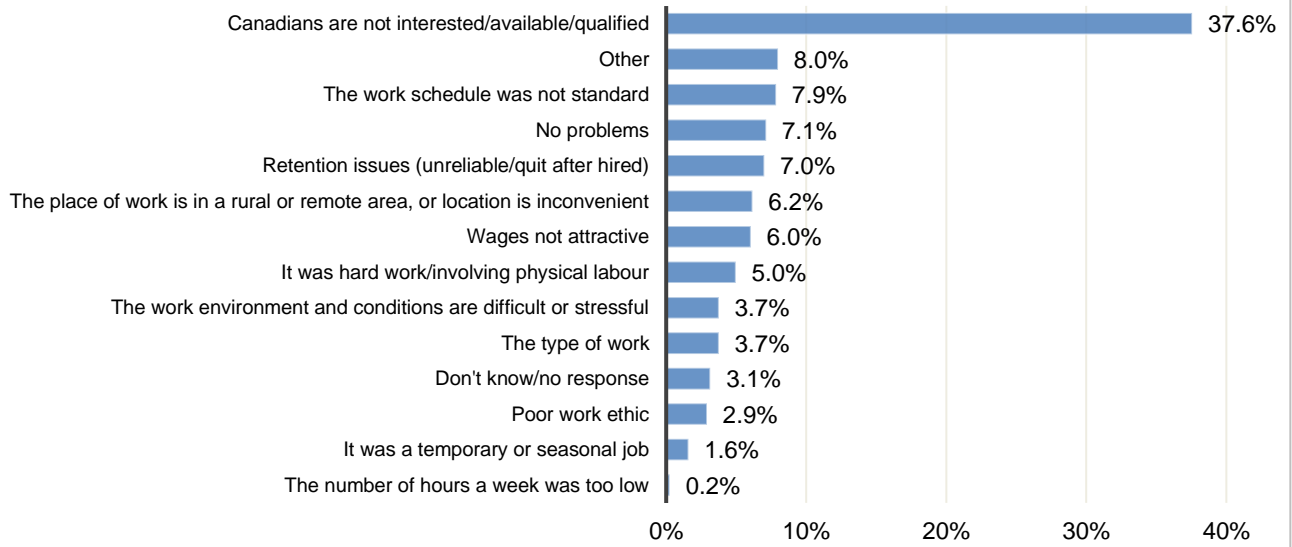
- Approximately one third of key informants and between 66% and 75% of survey participants indicated that there may be preferences to hire foreign workers.
- Beine and Coulombe (2017) noted that “employers, having hired temporary foreign workers from a specific origin country, get some useful information about those workers’ productivity and commitment to the job. If satisfied, Canadian employers subsequently tend to hire the same temporary foreign workers of the same origin.”
- Some key informants pointed out that the program demonstrates some risk for wage suppression in specific sectors, occupations and regions.
- Some key informants and focus group participants indicated that worker displacement may be occurring in some sectors (trucking, construction, food industry, beauty parlors).
- The report highlights some examples of sectors and occupations (that is carpenters, fish and seafood, agriculture) that may be at some risk for wage suppression.

KEY FINDINGS: JOB DISPLACEMENT – NO RISK

11

Approximately 38% of employers perceived that Canadian workers are either not interested, available or qualified for the job opportunity.

**Figure 16: Challenges faced by employers who tried to recruit Canadian workers**



**Table 3: Reasons why Canadians were not hired**

➤ Survey respondents reported that the Canadians who applied **were not hired** because of the following factors:



the lack of previous experience (**28%**),



the lack of work ethics demonstrated by the candidate (**24%**), and



the candidate eventually lost interest in the job (**23%**).

Source: Figure 16 and Table 3 - ESDC's employer survey 2020 (for the period 2015 to 2020).

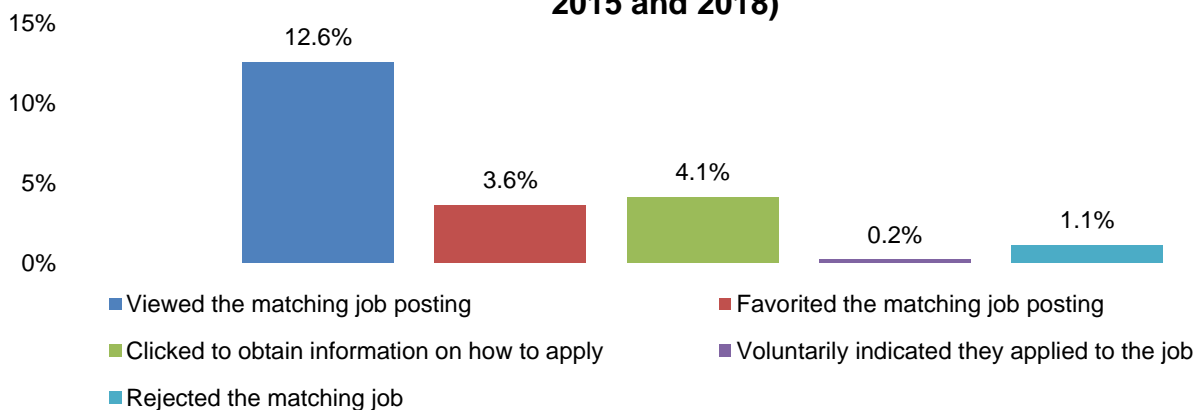
**KEY FINDINGS: JOB DISPLACEMENT – NO RISK**

12

**Only 12.6% of Canadian job seekers viewed potential job matches on the Job Bank between 2015 and 2018. This suggests low interest in jobs occupied by foreign workers.**

- Employers seeking access to the High-Wage and Low-Wage Streams must post their jobs on the Job Bank website or on its provincial counterpart.
  - The Job Bank and Foreign Workers System databanks were linked.
  - An analysis of positions advertised in the Job Bank by employers who used the Temporary Foreign Worker Program between 2015 and 2019 was conducted (see Annex C for more details).<sup>13</sup>
- From 2015 to 2018, on average, only about 31% of all LMIA applications were associated with a job posting on the Job Bank. This proportion increased from 7% in 2015 to 49% in 2018. However, it remained relatively low for the Primary Agriculture Stream, at only 23% in 2018.
  - Key informants and focus group participants noted that employers do not always consider Job Bank to be the best tool to connect with local workers.<sup>14</sup>
  - Data analysis revealed that only 4.1% of Canadian job seekers requested information on how to apply for the job matches.
  - 0.2% of Canadian job seekers indicated that they applied for a job matching their interests and skills.

**Figure 17: Actions taken by Canadian job seekers whose profile was matched with the job posted on the Job Bank (on average between 2015 and 2018)**



Source: Figure 17 - ESDC's linked data for the current evaluation covering the period 2015 to 2018.

<sup>13</sup> The data analyzed could not be disaggregated regionally and only included records from LMIA applications associated with job postings on the Job Bank, which is not used by a large proportion of program users. Results for the Global Talent Stream were not taken into consideration given that only 15 out of a total of about 3,600 LMIA applications (less than 1%) submitted through this stream during the reference period (2015 to 2018) were associated with a posting on the Job Bank.

<sup>14</sup> Sources: ESDC's key informant interviews 2020 and ESDC's focus groups 2020.

## KEY FINDINGS: JOB DISPLACEMENT – NO RISK

13

**Approximately 73% of employers who received a negative LMIA decision experienced continued difficulties in finding Canadians to fill positions.**

Table 4: Proportion of employers who were able to fill positions versus those who could not

- 42.6% of employers who received a negative LMIA decision were unable to fill the positions with Canadians, while
- 30.4% of them were able to fill some of the positions with Canadians.

Table 5: Efforts made to try to recruit Canadians after the negative LMIA decision:

- **88.5%** of employers posted the job on another platform,
- **64.1%** tried to advertise the position more actively,
- **56.4%** offered training to Canadians, and
- **51.3%** of employers increased the wage offered.

- Key informants pointed out several reasons as to why some businesses hire temporary foreign workers and some don't:<sup>15</sup>

## Training

- type of goods or services provided in niche industries that require workers with specialized training and experience which Canadians may not have,

## Size

- smaller and less established businesses may not be able to offer higher wages or better working conditions to attract more Canadians, and

## Location

- the economic sector and the severity of labour shortages in the community where the business is located.

- These findings are consistent with the fact that foreign workers can either complement or substitute the Canadian labour force. This would depend on the type of skills and experiences they bring into the country, as well as on other factors such as the availability and motivation of Canadian workers.

Source: Table 4 and 5 - ESDC's employer survey 2020 (for the period 2015 to 2020).

<sup>15</sup> Source: ESDC's key informant interviews 2020.

KEY FINDINGS: JOB DISPLACEMENT – NO RISK

14

**Only 12% of surveyed employers believe that the program has a negative impact on Canadian workers related to job displacement.**

Table 6: Program’s negative impacts related to job displacement

➤ Surveyed employers believe that the hiring of temporary foreign workers:	
• leads to not hiring Canadians,	9%
• from the time when the pandemic started temporary foreign workers are taking jobs that Canadians might want,	1%
• leads to Canadian workers being laid off (before temporary foreign workers), and	1%
• causes employers to rely on temporary foreign workers even when Canadians are available	1%

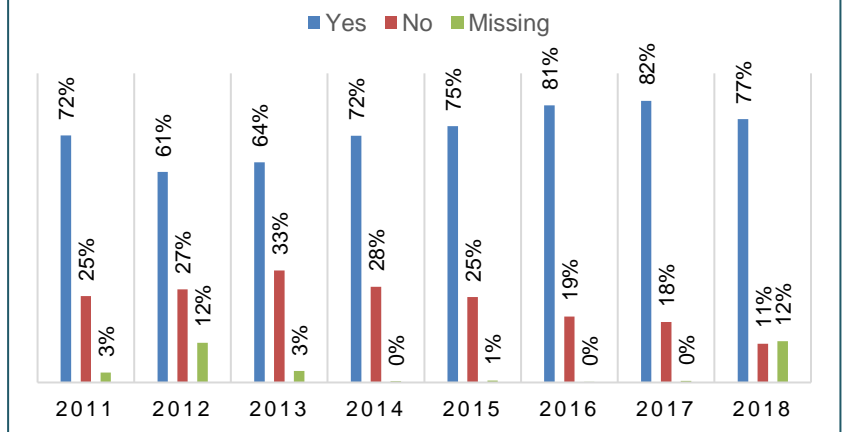
Source: ESDC’s employer survey 2020 (for the period 2015 to 2020).

- The key informants agreed that the design of the program and measures put in place prevent the displacement of Canadian workers and ensure that they are considered first for job opportunities:
  - mandatory posting of the job on Job Bank and 2 other forums where Canadians or permanent residents can apply,
  - verification of the records of employment recently issued by the employer,
  - expensive Labour Market Impact Assessment application fee, and
  - extensive administrative and logistic requirements

Source: ESDC’s key informant interviews 2020.

The analysis of administrative data revealed that the **vast majority** of employers attempted to hire Canadians first over the years.

**Figure 18: Employers attempting to hire Canadians or permanent residents first, by year (2011 to 2018)**



Source: ESDC’s LMIA system data analysis for the current evaluation covering the period from 2011 to 2018.

**KEY FINDINGS: WAGE SUPPRESSION – NO RISK**

15

**A very small proportion (0.49%) of the labour force in Canada is comprised of temporary foreign workers.**

- In 2019, there were about 98,000 temporary foreign workers in Canada, accounting for just **0.51%** of total employment and **0.49%** of the total labour force in Canada. This points to no risk for wage suppression at the national level.
- An expert panel discussion related to the Temporary Foreign Worker Program and the labour market noted that since the temporary foreign workers constitute a small fraction of the Canadian population, any negative impact they may have will be small.<sup>16</sup>

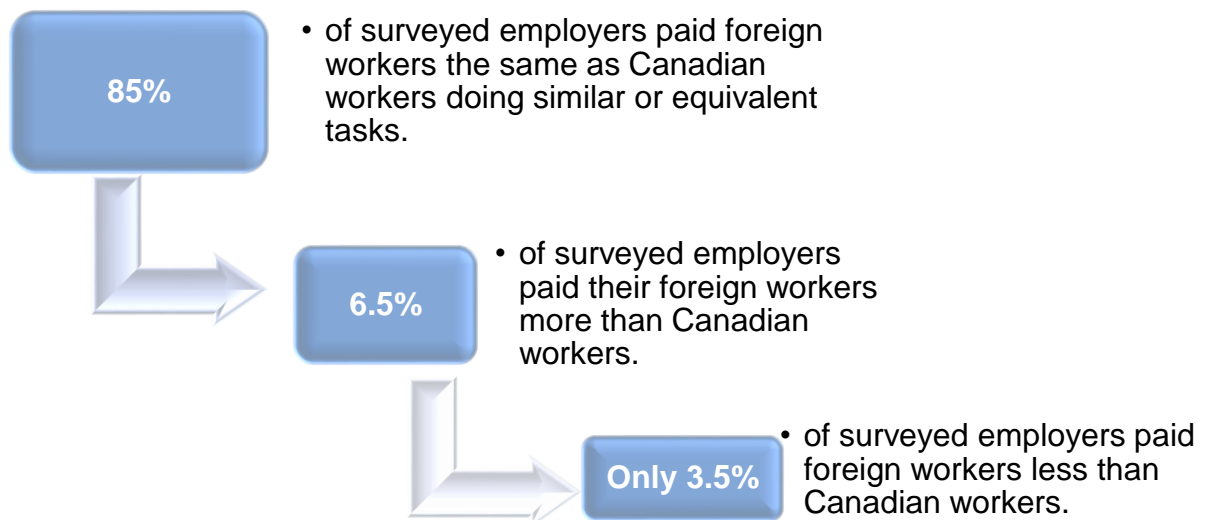
Source: ESDC’s customized tables using Labour Force Survey and LMIA data.

<sup>16</sup> Worswick, C, et al. (2018). ESDC Workshop Report, “Assessing the Implications of Temporary Foreign Workers for the Canadian Labour Market.”

- Focus group participants and key informants noted how the risk of wage suppression is mitigated:
  - the mandatory use of prevailing wages when temporary foreign workers are hired,
  - the presence of unions in organizations where temporary foreign workers are hired.
- According to Mukhopadhyay and Thomassin (2021), “the provision to pay the same regulated wages to temporary foreign workers as domestic workers implies that the employers do not seek temporary foreign workers as a means for getting away with lower wages. Rather, temporary foreign workers are the last resort for employers where domestic workers are either not willing to take up a particular job or are simply not available. Thus, this is a case of temporary foreign workers supplementing the domestic labour with essentially no impact on domestic wages or further employment for Canadians who may wish to work in the sector in the future.”
- Most workers indicated that their presence had no significant effect on wages as they are performing work that Canadians are not interested in and that their wages are regulated.

Sources: ESDC’s key informant interviews 2020, ESDC’s focus groups 2020 and Mukhopadhyay and Thomassin (2021).

**Table 7: Pay differences between Canadian workers and foreign workers**



Source: ESDC’s employer survey 2020 (for the period 2015 to 2020).

**KEY FINDINGS: WAGE SUPPRESSION – NO RISK**

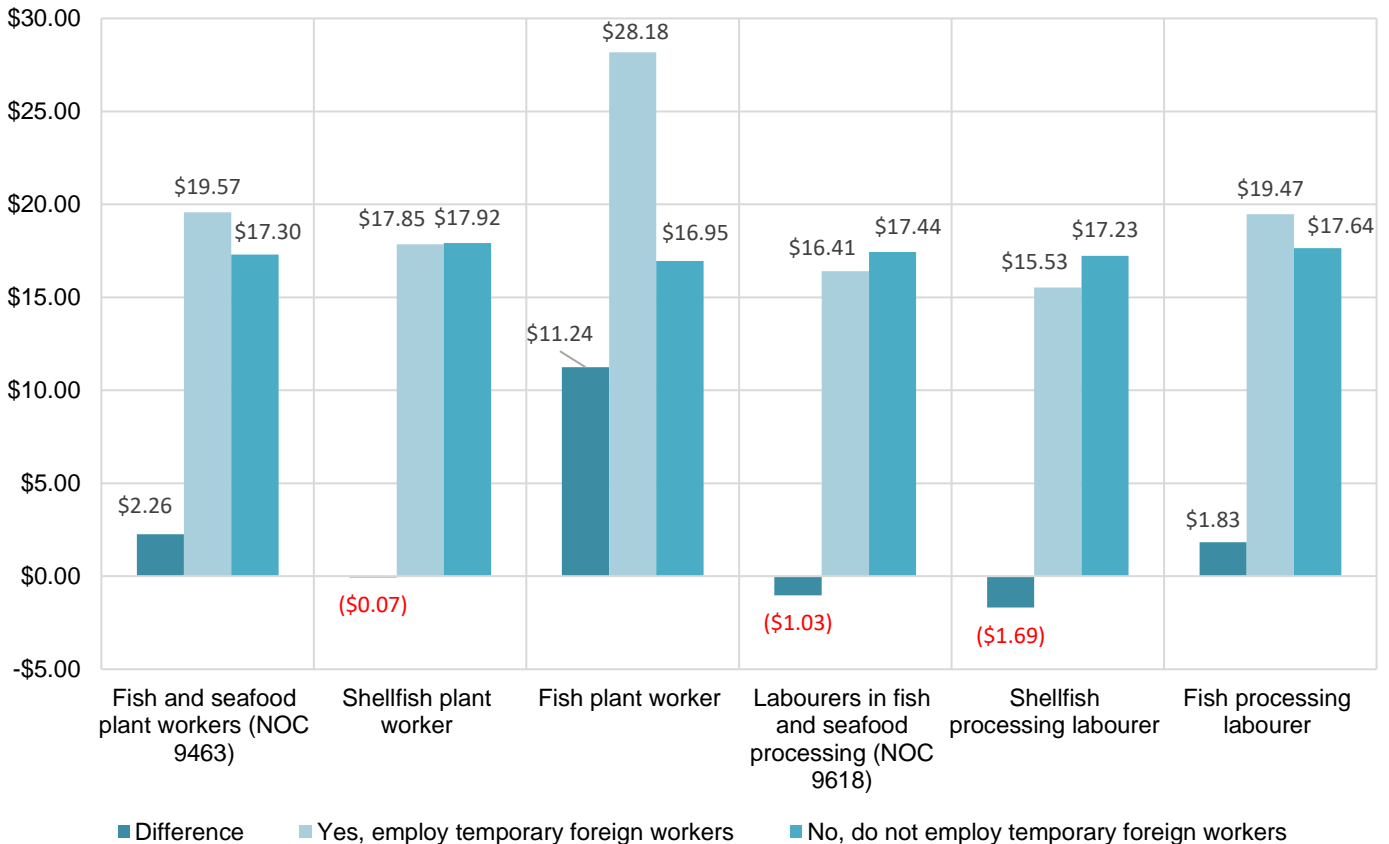
**Sector/industry example**

16

**Evidence from the analysis of top wage earners in Atlantic fish and seafood plant and processing workers points to no risk for wage suppression.**

- The **average top hourly wage** was generally the same or higher for companies with temporary foreign workers than for those without, according to a 2017 survey of fish and seafood businesses.
- Data prepared by Prism Economics and Analysis for the Food Processing Skills Council.

**Figure 19: Average top hourly wages by employment of temporary foreign workers**



Source: Prism Economics and Analysis for the Food Processing Skills Council (FPSC). *Atlantic Fish + Seafood Processing Workforce Survey Report, June 2018.*



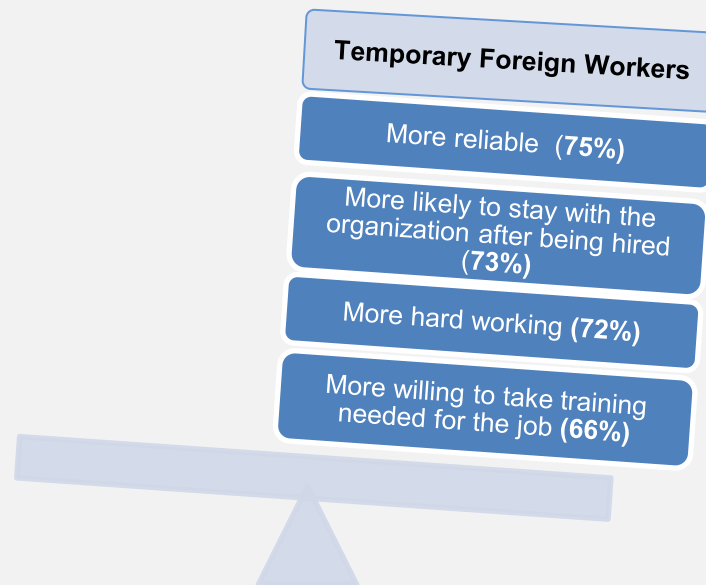
## KEY FINDINGS: JOB DISPLACEMENT – SOME RISK

17

**Approximately one third of key informants and between 66% and 75% of survey participants indicated that there may be preferences to hire foreign workers. In the long term, this is attributed to some risk for job displacement.**

Table 8: Employers' preferences to hire foreign workers

- According to some key informants and focus group participants, the employers have developed a preference for temporary foreign workers in general. This could be to save on labour costs, make productivity gains and/or reduce employee turnover.
- A majority (66% to 75%) of survey respondents who have hired temporary foreign workers (n=339) indicated that in comparison to Canadian workers, temporary foreign workers are:



Source: ESDC's employer survey 2020 (for the period 2015 to 2020).

- In a study by Brochu et al (2016), the authors argue that Canadian employers have a preference to hire temporary foreign workers over Canadians. This occurs even if they are obliged to pay the domestic wage rate after a failed search for a worker who is a citizen or permanent resident.
- Other reasons noted by the key informants that could contribute to job displacement:
  - for various reasons that are not necessarily related to the lack of Canadians who have the same profile, employers hire a specific foreign national they already know, and
  - the employer is not acting in good faith and uses the program as an immigration strategy to help someone immigrate to Canada more rapidly.
- These are considered some risk for job displacement. Most of the jobs occupied by the temporary foreign workers are unwanted by Canadians and foreign workers represent about 0.6% of the overall labour force (2018).

Sources: ESDC's key informant interviews 2020 and focus groups 2020.

KEY FINDINGS: JOB DISPLACEMENT – SOME RISK

18

**Some key informants and focus group participants indicated that worker displacement may be occurring in some sectors.**

➤ The participants mentioned the following sectors as examples:



trucking industry



construction industry



beauty parlors



food industries

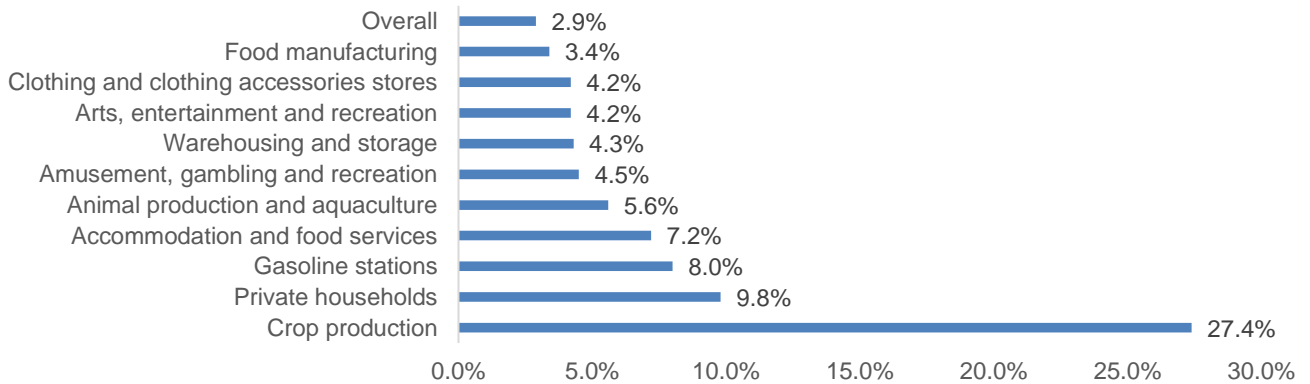
Part-time → Full-time

Displacement of Canadians is also considered in industries where part-time workers are being replaced with full-time workers.

➤ However, participants pointed out an absence of tools to properly assess where the labour shortages are. They also reported difficulty in determining if in fact worker displacement is taking place in these sectors.

Temporary foreign workers are concentrated in specific employment sectors.

**Figure 20: Proportion of temporary foreign workers, selected industries (North American Industry Classification System subsectors), 2017**



Source: Statistics Canada, Canadian Employer-Employee Dynamics Database. For more details, see Lu (2020).

- It was noted that the system of caps<sup>17</sup> was intended to prevent worker displacement by ensuring that low-wage positions are composed of a limited number of foreign workers.
- This system of “caps” is based on attestations. These are not systematically validated or verified.
- Employers can also find ways around these caps by moving workers around multiple sites.

Sources: ESDC’s focus groups 2020, ESDC’s key informant interviews 2020.

<sup>17</sup>The maximum proportion of a business’ staff that can be composed of temporary foreign workers occupying low-wage positions.

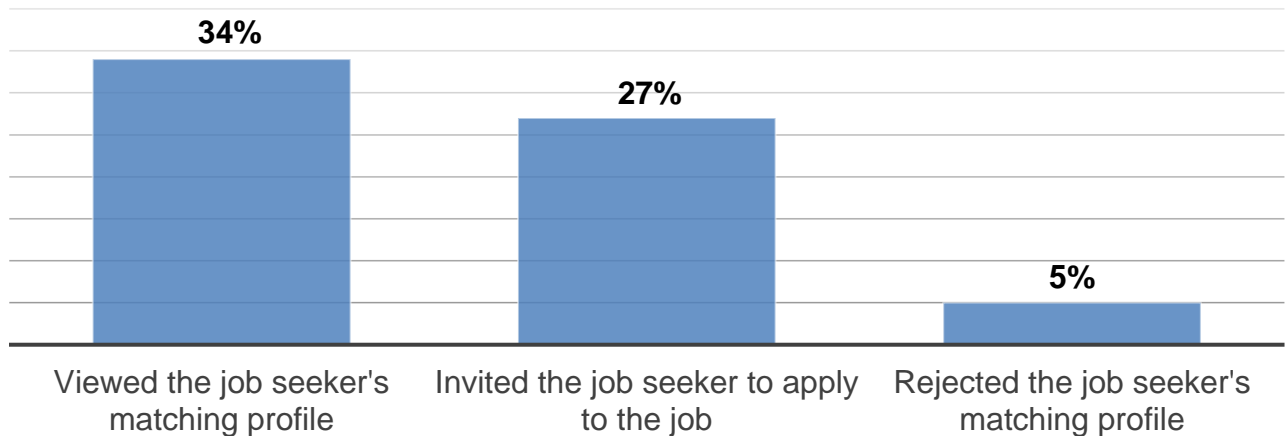
## KEY FINDINGS: JOB DISPLACEMENT – SOME RISK

19

**Only 34% of employers viewed potential job matches of Canadian applications between 2015 and 2018. This may indicate a reduced effort to hire Canadians and may signal very low program compliance.**

- Job opportunities posted on the Job Bank by the employers are matched with the profiles of Canadian job seekers.<sup>18</sup>
- Only 34% of job matches were viewed by employers. This suggests that employers may not be making enough effort to view applications of potential qualified candidates.
- On average, only 27% of employers invited the matched Canadian job seeker to apply for the job.

**Figure 21: Actions taken by employers for each Job Bank posting matched with the job seeker's profile (average between 2015 and 2018)**



Source: ESDC's linked data for the current evaluation covering the period from 2015 to 2018.

- The increased number of temporary foreign workers and the co-existence of significant unemployment suggests that the hiring of temporary foreign workers was not done only as a last measure by employers (Worswick, C. et al., 2017).
- Some employers have integrated the hiring of temporary foreign workers into their business model and may have developed a longer-term dependency on the program.
- The program is not necessarily viewed by employers as a last resort solution (in other words to be used when all other options have been exhausted). They view foreign workers as a source of added value.

<sup>18</sup>The assessment of the quality of those job matches was beyond the scope of the evaluation.

## KEY FINDINGS: JOB DISPLACEMENT – SOME RISK

20

**More than half (53%) of all survey respondents said that they did not make efforts to hire Canadians with disabilities<sup>19</sup> and 46% did not try recruiting Canadian vulnerable youth.**

Table 9: Employers' efforts to hire from underrepresented groups

- The program requires employers to make an effort to hire Canadians from underrepresented groups:
  - **57%** of all survey respondents tried to recruit Indigenous Canadians, but only **7%** actually hired from that group,
  - **60%** of survey respondents stated that they tried to recruit new Canadians, but only **16%** recruited from that group.

Source: ESDC's employer survey 2020 (for the period 2015 to 2020).

The design of the program does not guarantee the hiring of Canadian workers from under-represented groups for the following reasons:

Employers are not necessarily aware of, or able to access, the more specialized resources needed to recruit job seekers from underrepresented groups (for example community-based organizations).

There is a resistance to change among many employers when it comes to using innovative approaches to recruiting job seekers from underrepresented groups (for example providing workplace accommodation to persons with disabilities).

<sup>19</sup> It should be noted that there may be challenges with integrating disabled groups in all types of foreign-worker-dominated positions.

**KEY FINDINGS: WAGE SUPPRESSION – SOME RISK**

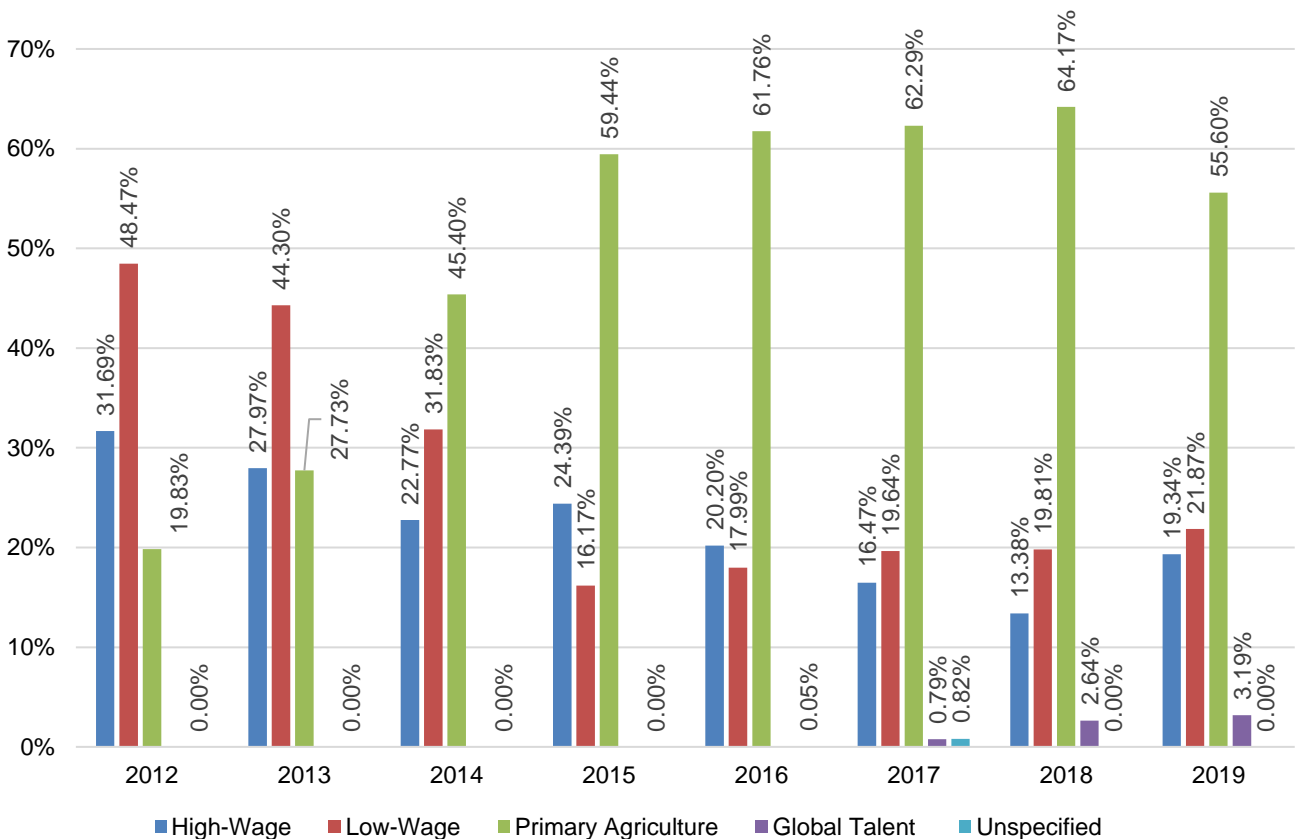
**Sector/industry example: 1**

21

**In 2018, approximately 66% of temporary foreign worker agricultural positions were paid lower than the occupations' provincial median wages.<sup>20</sup>**

- The analysis of a sample of industries and regions is presented in the 2013 Temporary Foreign Worker Program Evaluation. This study revealed that in the agricultural industry in Ontario and Quebec, the average wage paid to temporary foreign workers appears to be below the range paid for similar positions.
- According to Figure 22, agricultural positions, which include those filled through the Seasonal Agricultural Worker Program, made up 64% of all positions in 2018.
- The temporary foreign workers hired through the Primary Agriculture Stream are paid wages in accordance with commodity valuation calculations as per long-standing international agreements.

**Figure 22: Percentage of temporary foreign worker positions that received positive Labour Market Impact Assessments, by stream (2012 to 2019)**



Source: Open Government data – Temporary Foreign Worker Program.

<sup>20</sup> Source: ESDC data analysis, 2019.

KEY FINDINGS: WAGE SUPPRESSION – SOME RISK

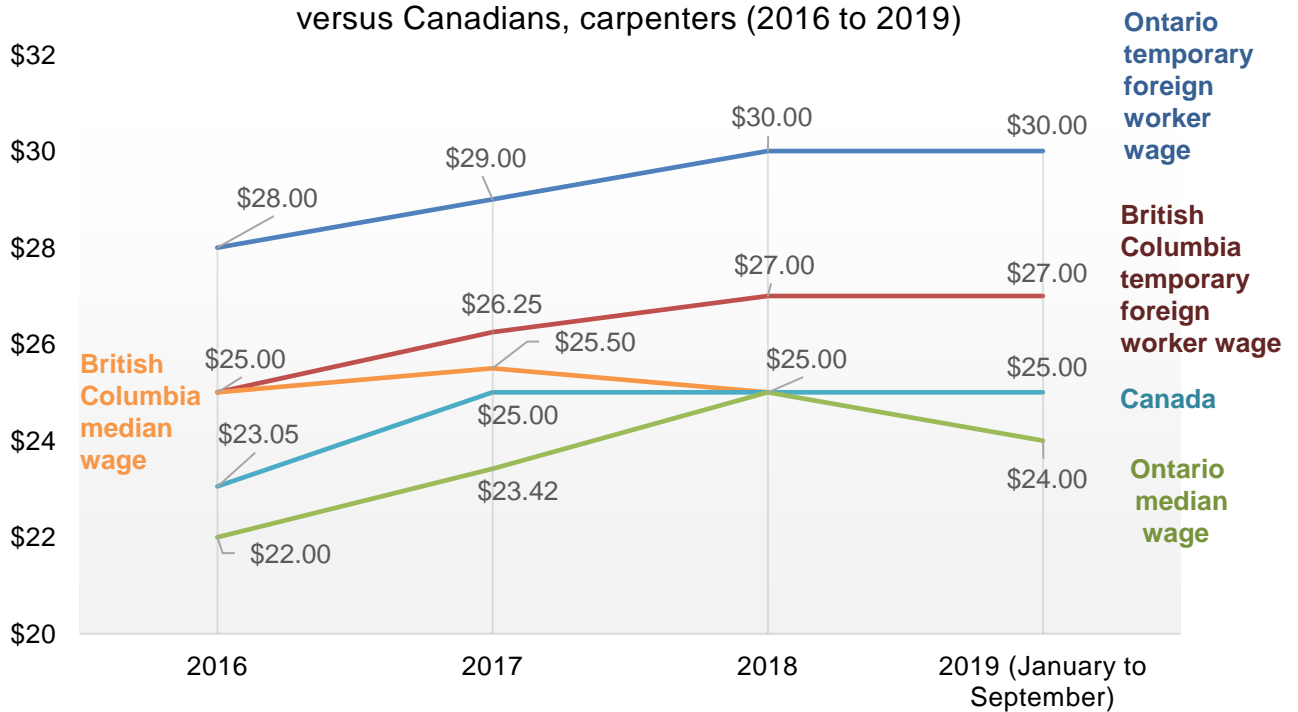
Sector/industry example: 2

22

Since 2016, the majority of temporary foreign worker carpenter positions in British Columbia and Ontario were paid well above their respective regional and provincial median wage levels. These temporary foreign workers' wages grew by roughly 1% since 2016.

- From 2016 to 2018, a decline in real wages was also reported for carpenters, nationally (-3.8%) and in British Columbia (-2.5%) and Ontario (-9.4%).<sup>21</sup>
- However, the overall share of temporary foreign workers has remained low since 2016 in both British Columbia (1.5% to 3%) and Ontario (roughly 0.5%). This suggests very low impacts on wages for the occupation in both provinces and Canada.

Figure 23: Provincial median wage among temporary foreign workers versus Canadians, carpenters (2016 to 2019)



Source: Program's study: Temporary Foreign Worker Program Wage Review, Winter 2019 (Data used: LMIA system, Job Bank website, Labour Force Survey).

<sup>21</sup> Carpenters were selected for further examination of wage suppression given that there was a decline in real wages from 2016 to 2018.

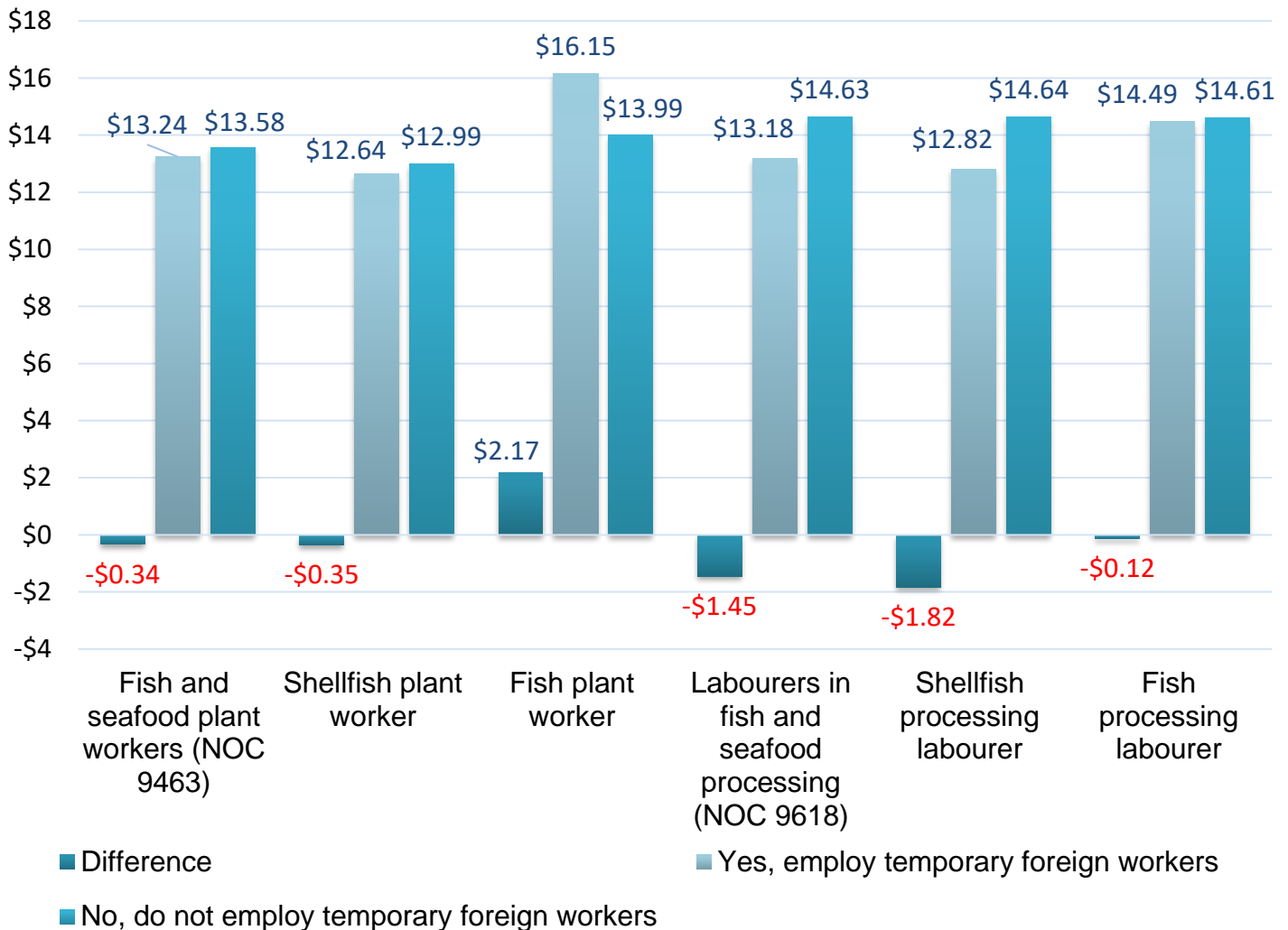
**KEY FINDINGS: WAGE SUPPRESSION – SOME RISK**

**Sector/industry example: 3**

**23 Evidence from the analysis of starting hourly wages of Atlantic fish and seafood plants and processing workers points to some risk for wage suppression.**

- The **average hourly starting wage** was generally lower for companies with temporary foreign workers than for those without, according to a 2017 survey of fish and seafood businesses.
- Data prepared by Prism Economics and Analysis for the Food Processing Skills Council.

**Figure 24: Average starting hourly wages by employment of temporary foreign workers**



Source: Prism Economics and Analysis for the Food Processing Skills Council (FPSC). *Atlantic Fish + Seafood Processing Workforce Survey Report, June 2018.*



## KEY FINDINGS: WAGE SUPPRESSION – SOME RISK

24

**Some focus group participants and key informants including foreign workers identified cases/situations pointing to some risk for wage suppression.**

- The following situations were observed at least once and relate to wage suppression and the working experiences of some foreign workers:

Employers not actually paying the wages they committed to during the LMIA process, and/or making unauthorized deductions from the workers' pay.<sup>22</sup>

Employers hiring foreign workers whose work permits have expired without going through the mandatory LMIA process, while paying them cash at a significantly lower rate than the prevailing wage established by the program.

Employers coercing temporary foreign workers to do extra work without providing them with proper compensation (for example unpaid overtime, additional tasks like cleaning and truck driving in very harsh weather and/or for extended hours).

Employers requiring the temporary foreign workers to give them back a portion of their wages in cash (for example \$5/hour out of 25\$/h), to cover the costs related to their hiring (for example the LMIA and work permit fees) and/or in exchange of support to obtain permanent residence.

- It should be noted that the above listed practices are generally prohibited by the program and employment laws.

Sources: ESDC's key informant interviews 2020 and ESDC's focus groups 2020.

<sup>22</sup> These situations would only be uncovered if an inspection takes place as a result of a complaint or a random selection. The wages to be paid are self-declared during the LMIA process and are not systematically verified once the worker has started working.



## KEY FINDINGS: WAGE SUPPRESSION – SOME RISK

25

**Some key informants pointed out that the program demonstrates some risk for wage suppression in specific sectors, occupations and regions.**

- An expert panel discussion related to the Temporary Foreign Worker Program and the labour market noted that the temporary foreign workers concentrate in specific regions and occupations. The impact of the program may be significant in those sub-labour markets.<sup>23</sup>
- Wage suppression might be occurring in specific sectors and situations as follows:

In agriculture and any other low-wage or lower-skilled occupations where foreign workers are willing to work for lower wages than what a Canadian or permanent resident would consider acceptable;

Sectors where compensation is calculated based on the type and/or amount of work done (for example in terms of weight or distance) such as the trucking industry;

When the positions filled by temporary foreign workers are exempted from the cap on low-wage positions (for example any work conducted on a farm or that is seasonal, such as landscaping, etc.);

In positions that can be classified under different National Occupational Classification codes that encompass a broad range of job types and/or sub-specialties (for example in engineering, IT experts);

In positions that are not unionized; and/or

In regions or sectors where low-wage temporary foreign workers account for a relatively large proportion of all workers who occupy specific types of jobs.<sup>24</sup>

Source: ESDC's key informant interviews 2020.

<sup>23</sup> Worswick, C, et al. (2018). ESDC Workshop Report, "Assessing the Implications of Temporary Foreign Workers for the Canadian Labour Market."

<sup>24</sup> For example, in 2017, among the service sectors, temporary foreign workers represented about 7.2% of employment nationally in accommodation and food services, followed by 5.8% in administrative and support services. In comparison, the share of temporary foreign workers in the manufacturing sectors was generally small, amounting to 1.7% (Lu, 2020).

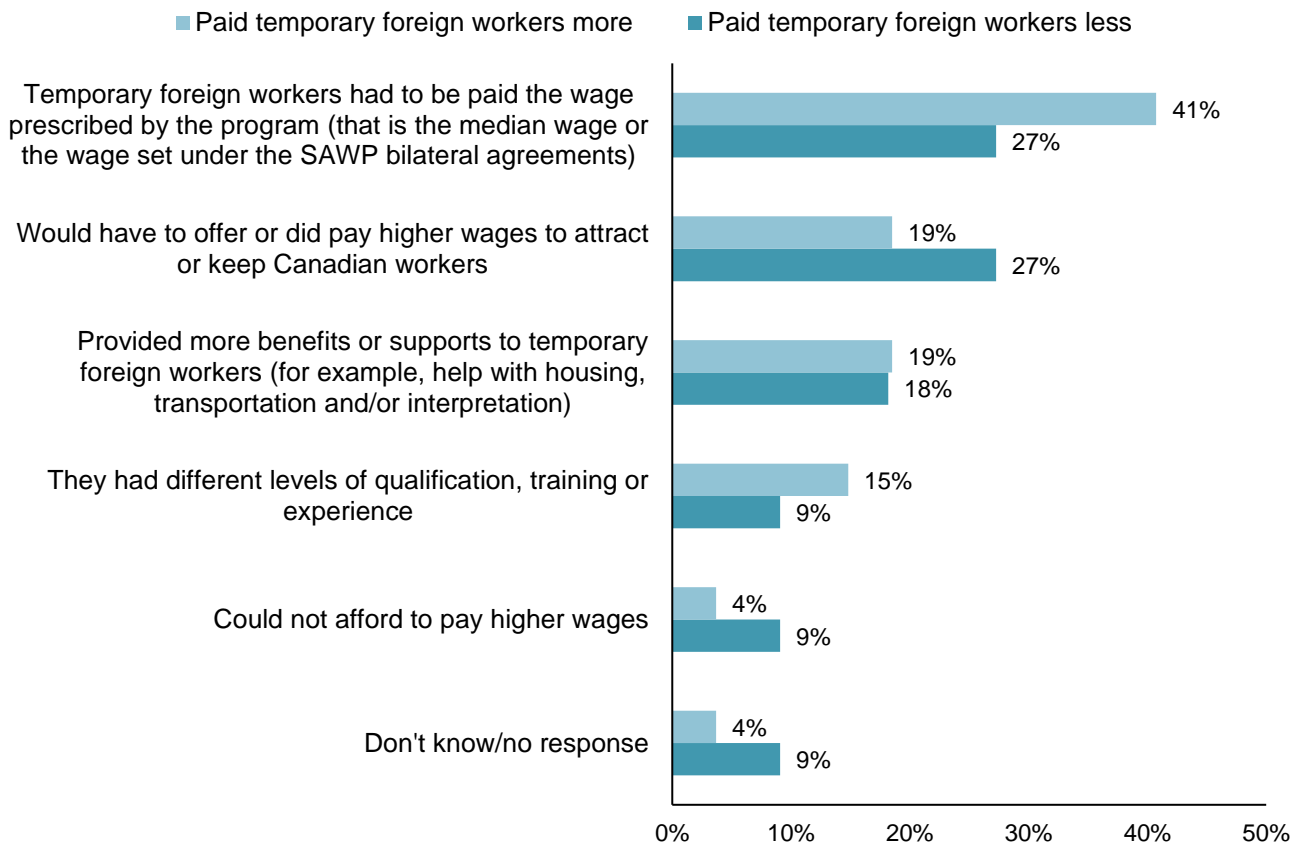
KEY FINDINGS: WAGE SUPPRESSION – CONSIDERATIONS

26

**Surveyed employers indicated reasons for differences in wages paid to foreign workers and to Canadians.**

- The most common reason for paying temporary foreign workers **more** than Canadian workers was that temporary foreign workers had to be paid the prevailing wage established by the program (**41%**).
- The most common reason for paying temporary foreign workers **less** than Canadian workers was that employers had to offer or pay Canadian workers more to attract them or to keep them (**27%**).

**Figure 25: Reasons why wages paid to foreign workers were different than those paid to Canadian workers in similar or equivalent positions**



Source: ESDC's employer survey 2020 (for the period 2015 to 2020).

## KEY FINDINGS: WAGE SUPPRESSION – CONSIDERATIONS

27

**Stakeholders outlined some factors that may unintentionally affect wages in Canada.**

The use of wage data that is not precise enough geographically or that is outdated by up to 2 years.

Challenges with determining the actual “market wage” for a job, due to the difficulty or inability of finding a comparison basis and/or accurate wage data (in part due to limitations in the National Occupational Classification).

The determination of the prevailing wage (during the LMIA) a lot of time in advance of the temporary foreign worker’s arrival here (for example up to a year prior).

The use of provincial or national averages (in Quebec), which can be detrimental to temporary foreign workers hired in regions where the cost of living is higher (for example Montréal) – and vice-versa.

Source: ESDC's key informant interviews 2020.

## KEY FINDINGS: TRANSITION PLANS



## Transition plans

- Employers who wish to hire foreign workers under the High-Wage Stream are also required to submit a transition plan, in which they outline the activities they are agreeing to undertake to recruit, retain and train Canadians and permanent residents and to reduce their reliance on the Temporary Foreign Worker Program. Specifically, a transition plan must include:
  - 3 distinct activities to recruit, retain, or train Canadians and/or permanent residents
  - 1 additional activity specifically targeting underrepresented groups such as new immigrants, Indigenous people, people with disabilities, etc., or
  - 1 activity to facilitate a temporary foreign worker's permanent residence.
- A transition plan must be provided for each high-wage position for which an employer is seeking a LMIA. Employers must report on the success of the transition plan should they ever reapply to hire a temporary foreign worker or be selected for an inspection.

KEY FINDINGS: TRANSITION PLANS

28

**The vast majority of employers (86%) who submitted a transition plan have supported their foreign workers to become permanent residents.**

- Supporting the worker’s application for permanent residence as part of a transition plan is considered to potentially reduce the need for the program by increasing the pool of available permanent resident workers.
- This type of transition plan has the same outcome as submitting the application under the Stream to support permanent residency.
- In both cases, the success of the transition to permanent residency and the extent to which it helped address the employer’s medium- to long-term needs cannot be fully assessed by Employment and Social Development Canada.
  - Specifically, when a positive LMIA is issued, no follow-up is systematically made by Immigration, Refugees and Citizenship Canada to inform Employment and Social Development Canada as to whether temporary work permits were issued for the position(s) approved under the LMIA and, if applicable, whether the temporary foreign worker(s) hired then successfully transitioned to permanent residency.

**Figure 26: Which of the following have you done as part of your transition plan?<sup>25</sup>**



Source: ESDC’s employer survey 2020 (for the period 2015 to 2020).

<sup>25</sup> Given the small size of this sample of respondents (n=28), these results cannot necessarily be generalized to the whole population of employers who applied under the High-Wage Stream and submitted a transition plan.

KEY FINDINGS: TRANSITION PLANS

29

**The transition plans do not generally reduce or eliminate the need for foreign workers.**

- Approximately **14%** of survey respondents reported that the implementation of transition plans did help them eliminate their need for the program.
- However, the majority of survey respondents who implemented their transition plans (**75%**) reported that they still need to hire temporary foreign workers.
- **25%** of all respondents who did implement their transition plan reported that they hire more Canadians but also continue to need to hire temporary foreign workers.
- Input from key informants and focus group participants indicate that employers who support the temporary foreign workers' applications for permanent residence may continue to need the program, because:
  - their overall need for workers may continue to grow between each application, and
  - there is no guarantee that foreign workers will stay in the company indefinitely after obtaining their permanent residency.

**Figure 27: How successful has the transition plan been in progressively reducing the need for your organization to hire temporary foreign workers?<sup>26</sup>**



Source: ESDC's employer survey 2020 (for the period 2015 to 2020).

<sup>26</sup> Given the small size of this sample of respondents (n=28), these results cannot necessarily be generalized to the whole population of employers who applied under the High-Wage Stream and submitted a transition plan.

## KEY FINDINGS: TRANSITION PLANS

30

**Program stakeholders indicated that the transition plans are not effective and add unnecessary administrative burden.**



- Transition plans are also generally considered to be administratively burdensome and to yield few concrete results, except in larger organizations where the activities outlined in those plans would already be occurring.
- The development of those types of plans is particularly challenging for smaller businesses.
- Program officials indicated that it is difficult to measure whether the commitments made as part of transition plans are honored.
- Employers who submit transition plans would resubmit transition plans to the program repeatedly and still obtain the authorization to hire temporary foreign workers.
- A few key informants noted that transition plans often comprise similar content that is partially copied and pasted from one application to another. They noted that most program users submit those plans to satisfy administrative requirements, without really expecting to eventually be able to reduce their reliance on the program.

Source: ESDC's key informant interviews 2020.

## MANAGEMENT RESPONSE AND ACTION PLAN

### Overall management response

Management accepts the recommendations outlined in the Evaluation of the Temporary Foreign Worker Program and will be engaging in further analysis on how its findings can inform ongoing adjustments to program design and delivery. Insights gained through the evaluation's lines of evidence, including the perspectives of employers and other key stakeholders, have confirmed the importance of program changes made in recent years and provide additional insights for considerations going forward. Significant efforts were already in progress during the time of the evaluation to address highlighted areas of focus, including communication and service improvements for employers and enhanced processes for assessing labour market conditions and other program requirements. The program will strive for continuous improvement across all ESDC branches engaged in its design and delivery moving forward.

### Recommendation 1

*Better engage employers and key stakeholders on the objectives of the program.*

### Management response

Management agrees with the recommendation. The Temporary Foreign Worker Program works on an ongoing basis to strengthen communication of its objectives and requirements for program users, in addition to seeking out the perspectives of its diverse stakeholders to inform adjustments to policies and service delivery. In recent years, this has included updates to public information on evolving program rules and conditions, in addition to comprehensive stakeholder consultations undertaken during targeted sector reviews and the design of the Migrant Worker Support Network. More recently, the program's response to COVID-19 has included the rapid provision of information on public health conditions and program requirements for employers and workers.

The program accepts the evaluation findings that point to areas for continued improvement in the communication to key stakeholders of its overarching objectives and its specific function within the broader range of temporary immigration options available to foreign workers and their employers. Going forward, the program will continue to strengthen the clarity and transparency of its public information resources, and look for ongoing opportunities for dialogue with key stakeholders, including employers, industry associations, foreign and Canadian workers, migrant worker support organizations, unions/labour groups, foreign governments and other observers.

### Management action plan

Actions planned	Completion date
1.1 Throughout the 2021 to 2022 fiscal year, ESDC's Program Operations Branch will undertake key activities to improve the Temporary Foreign Worker Program client experience and accessibility through a comprehensive employer and stakeholder outreach plan. The objective of these activities is to ensure that information regarding the Temporary Foreign Worker Program is clear, consistent and frequent. A key focus will be website optimisation for the external user experience.	In progress



## MANAGEMENT RESPONSE AND ACTION PLAN

## Management action plan (cont'd)

Actions planned	Completion date
<p>Activities include:</p> <ul style="list-style-type: none"> <li>• Improvements to the Temporary Foreign Worker Program landing page for improved client experience and ease of navigation;</li> <li>• Enhanced Labour Market Impact Assessment (LMIA) online promotion through the web; and</li> <li>• Updates to the Global Talent Stream web pages including information architecture and web content.</li> </ul> <p>In addition, ESDC's Skills and Employment Branch will undertake the posting of Temporary Foreign Worker Program policies on the Open Government website (subject to internal web development capacity prioritised for COVID-19 demands).</p>	In progress
<p>1.2 Throughout 2021 to 2022 and moving forward, both the Program Operations Branch and the Skills and Employment Branch will continue dialogue with industries making the highest use of the Temporary Foreign Worker Program, including the agriculture and agri-food sector. The Canadian Federation of Agriculture working group provides a critical venue for industry to raise short-term and long-term service delivery issues and potential solutions, and work with departmental representatives to support implementation of administrative solutions. The breadth of potential service delivery issues could extend to any aspect of the Temporary Foreign Worker Program, including the processing of LMIAs, work permits, and the Temporary Foreign Worker Program integrity regime, amongst others. The service delivery working group is comprised of industry representatives and departmental officials from ESDC, Service Canada, Immigration, Refugees and Citizenship Canada, and Agriculture and Agri-Food Canada. Meetings provide a critical venue to promote transparency and consistency through proactive consultation, co-creation of communication materials, triaging of critical employer concerns, and providing operational recommendations for solving continuing employer concerns.</p> <p>This working group co-develops effective communications materials, assists with industry outreach regarding any forthcoming program changes, and provides operational recommendations for solving continuing employer concerns. The working group also provides a venue for ongoing industry feedback into the recently announced service standard review to assist in the development of relevant communications and broader industry consultation.</p>	Ongoing

## MANAGEMENT RESPONSE AND ACTION PLAN

### Management Action Plan (cont'd)

Actions planned	Completion date
<p>The ultimate objective of the working group is to provide a mechanism for proactive consultation, supporting transparency, fairness and efficiency through a more client-centric approach to Temporary Foreign Worker Program Service Delivery that seeks to reduce administrative burden and resources required for all parties, while maintaining the intent and integrity of the program.</p>	
<p>1.3 ESDC will continue to proactively engage stakeholders to inform required adjustments to the Temporary Foreign Worker Program on an ongoing basis. This will include targeted meetings, roundtables and other fora for dialogue on key initiatives, such as consultations on a proposal for minimum requirements for employer-provided accommodations and implementation of the Migrant Worker Support Program. ESDC will also increase the number of engagement sessions offered to employers to help strengthen their understanding of program rules and their obligations, with a view to improving overall program compliance.</p>	Ongoing

### Recommendation 2

*Explore alternative approaches for application-based processing for returning or frequent program users who maintain good track records in the program.*

#### Management response

Management agrees with the recommendation. The potential benefits of a reduced administrative burden for employers with proven records of compliance (and potentially other eligibility criteria), has been proposed in previous years and remains a concept under exploration by the Temporary Foreign Worker Program. The evaluation's findings that this continues to hold support among employers is consistent with ongoing dialogue with stakeholders and will be factored into considerations.

In the interim, the program continues working to enhance the service provided to employers and to reduce LMIA processing times. This includes the LMIA online electronic application tool introduced in July 2019 to optimize the employers' service experience. The online platform provides employers with:

- an end-to-end application flow where the user is guided to relevant questions based on their responses;
- a secure portal with registration and authentication process;
- ability to register and manage secure online accounts to conduct online transactions with ESDC; and
- ability to save and retrieve LMIA applications, upload supporting documents, view correspondence and decision letters.

## MANAGEMENT RESPONSE AND ACTION PLAN

### Management response (cont'd)

The employer's service experience was further enhanced through the introduction of the ability to copy past LMIA online applications in July 2020. This new feature improves user efficiency for employers that submit multiple applications by allowing them to retrieve, duplicate and modify past LMIA applications.

### Management action plan

Actions planned		Completion date
2.1	Improved load and restoration times of the online system to further improve the employer's service experience using the Temporary Foreign Worker Program.	April 2021
2.2	Potential stakeholder consultations focused on the exploration of an alternative Temporary Foreign Worker Program model for employers with proven records of compliance.	To be determined
2.3	Analysis of stakeholder input received on potential alternative models to inform next steps if applicable.	To be determined

### Recommendation 3

*Clarify processes to help program officers assess labour market impacts and shortages more consistently.*

### Management response

Management agrees with the recommendation. The Temporary Foreign Worker Program recognizes the importance of assessing labour market shortages in the development of a LMIA decision and continuing to ensure that Canadians and permanent residents have first access to available jobs.

Between January and July 2019, the Temporary Foreign Worker Program tools used to support the assessment of a LMIA application underwent a major review and overhaul. The goal of the review was to amend all guidance related to the LMIA application assessment to align with the desk-aid, policy updates, and to address issues identified during Quality Management calibration sessions.

With the goal of improved efficiency, when warranted, content was restructured to flow logically and duplicate information was removed. The review was comprehensive and included consultation with Quality Management, Business Expertise, Systems, the 4 operational regions and the Employer Contact Centre. In addition, the Skills and Employment Branch provided policy clarification as required.

## MANAGEMENT RESPONSE AND ACTION PLAN

### Management response (cont'd)

The review culminated in the July 2019 launch of 21 modified directives, desk-aids to support documentation of the assessment, modified LMIA System assessment screens and modified application forms.

Clarity regarding how to determine if the outcome of the assessment will have a positive, neutral or negative impact on the Canadian labour market was added to the global assessment and to 4 of 7 labour market factors.

At the same time, the program recognizes that there are limitations to the timeliness and granularity of available labour market information and other information, and that the evaluation of labour market impacts necessarily involves a certain degree of qualitative assessment and judgement by program officers. The updated directives and tools are intended to increase the consistency and quality of decisions made by officers, rather than to provide definitive guidance.

### Management action plan

Actions planned	Completion date
<p>3.1 A recent labour market assessment tool had been developed as a framework that combines various labour market indicators to aid in the assessment of recent local labour market conditions. The data for this tool comes from the Labour Force Survey, the 2016 Census of Population, Job Vacancy and Wage Survey and Employment Insurance administrative data. The tool was ready to be launched and made publicly available in spring 2020 on a pilot basis.</p> <p>The COVID-19 pandemic has unfortunately disrupted the collection of key data that the tool relies on. This presents two challenges. First, COVID-related delays in accessing data provided by Statistics Canada have left the information in the tool severely out of date. Second, given that much of the data used can have time lags of months or years (even in normal times), the tool is less reliable as a comparative resource in this current period of major labour market disruption. The program is working with labour market information experts on an ongoing basis to reintroduce the tool at an appropriate time.</p>	<p>In progress</p>

<b>MANAGEMENT RESPONSE AND ACTION PLAN</b>		
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**Management Action Plan (cont'd)**

Actions Planned	Completion date
<p>Current Temporary Foreign Worker Program policies already outline consideration of information from additional sources, including, but not limited to, available labour market information from organized labour groups, Statistics Canada reports, departmental labour market assessments or projections, as well as those from other government departments or levels of government, sector council/industry associations, and professional associations, among others.</p> <p>The department will continue to regularly review related policies and operational guidance to ensure that non-employer labour market information is carefully weighed for every application in determining whether or not available jobs can be filled by Canadians or permanent residents.</p>	
<p>3.2 Program guidance was developed to assist program officers assess labour market impacts and shortages for primary agriculture streams. Guidance included priority processing, recruitment, labour market impact assessment validity, housing inspection report, national commodity list, and acceptance for the submission of applications.</p> <p>Probing questions guidance provided the ability to address high-risk strategic targets to assist program officers assess labour market impacts and shortages consistently for the agricultural stream.</p> <p>An update to operational directives and desk-aids provided program officers with clear direction on when it is acceptable for employers to request workers with no specific language.</p>	February 2021

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## Annex A: Previous evaluation findings

➤ **The most recent evaluation of the program was published in 2013 and covered the period from 2007 to 2010.<sup>27</sup> Key findings included the following:**

- The program is effective in responding to the short-term labour and skill demands of employers.
- Demand for temporary foreign workers is driven by skill shortages, labour shortages and limited interest by Canadians and permanent residents in filling certain types of jobs.
- Demand for temporary foreign workers is strongest during periods of low unemployment.
- A comparatively small number of employers account for a high percentage of the positions confirmed under the program.
- Most Labour Market Opinion applications did not eventually result in positions being filled by temporary foreign workers.
- There is a concern that the program may place downward pressure on prevailing wages and restrict efforts by employers to recruit and train Canadians.


➤ **The 2013 evaluation generated 8 recommendations:**

- Ensure the timely and efficient processing of Labour Market Opinions.
- Improve communication and coordination between ESDC and Citizenship and Immigration Canada (now Immigration, Refugees and Citizenship Canada).
- Improve employer compliance.
- Enhance data collection and reporting methods.
- Employ better labour market information in the assessment of Labour Market Opinions.
- Continue to monitor the impact of the program on the labour market.
- Expand opportunities for temporary foreign workers to transition to permanent residency.
- Introduce an employer fee for the processing of Labour Market Opinions.

Source: ESDC, *Evaluation of the Labour Market Opinion Streams of the Temporary Foreign Worker Program*, Final Report (2013) [https://publications.gc.ca/collections/collection\\_2013/rhdcc-hrsdc/HS28-207-2012-eng.pdf](https://publications.gc.ca/collections/collection_2013/rhdcc-hrsdc/HS28-207-2012-eng.pdf)

<sup>27</sup>The evaluation was limited to the streams of the Temporary Foreign Worker Program subject to the former Labour Market Opinion process and assessed the relevance and performance of the program for the years 2007 to 2010.

## Annex B: List of evaluation questions

1. How effective has the Temporary Foreign Worker Program been in addressing the short-term labour needs of firms and Canada's labour market as a whole?
  - a) How is the program helping to fill labour market shortages?
  - b) How does the program contribute to firms' and sector sustainability?
  - c) What are the differences between firms that use temporary foreign workers versus those who do not?

2. To what extent does the Temporary Foreign Worker Program ensure that Canadian citizens and permanent residents are considered first for current employment opportunities?
  - a) What barriers do employers face when trying to recruit Canadian citizens and permanent residents, including underrepresented groups?
  - b) How effective are the transition plans required for the High-Wage Stream in reducing reliance on the Temporary Foreign Worker Program?

3. To what extent does the Temporary Foreign Worker Program have an impact on prevailing wages?
  - a) How are wages affected?
  - b) Does the program cause wage suppression in the economy or specific sectors?
  - c) Is there displacement of Canadian workers?



## ANNEXES

## Annex C – Methodology

The evaluation of the Temporary Foreign Worker Program made use of multiple lines of evidence. Various data collection methods and sources helped address different aspects of the evaluation questions. This approach ensured an adequate data triangulation to support robust evidence-based findings, conclusions and recommendations to the program.

## Line of evidence

## Key limitations

## Document and literature review

- The document and literature review included:
  - Program documents (for example program policies and guidelines).
  - Labour market reviews and reports.
  - Academic research relevant to the Temporary Foreign Worker Program in the Canadian and international contexts.
  - Findings from a wage analysis conducted internally by ESDC.
  - Findings from Prism Economics and Analysis for the Food Processing Skills Council Report.



## Administrative data review and analysis

- The review and analysis of data examined data from the:
  - Foreign Worker System.
  - Job Bank.
- An assessment of the overall quality and integrity of program administrative data was conducted.
- Data elements from both databases were combined and analyzed. This allowed assessing some aspects of employers' recruitment efforts and interactions with job seekers through the Job Bank.



- International comparisons of programs similar to the Temporary Foreign Worker Program are limited. This is due to the important differences that exist between program regulations, in particular with regards to wages and the types of labour needs of those programs.
- The descriptive wage analysis conducted by ESDC focused on only 3 sectors where the program is used in Canada. Access to wages from all streams and regions would have made the analysis more systematic in nature. However, the selected cases are important as they are areas that have been perceived to contribute to wage suppression.
- The available data does not allow for controlling for external factors that can influence the supply and demand for workers at the micro- and macro-economic levels, and therefore wages. These factors include:
  - the demand for the goods and services produced,
  - the ability of a company to pay the wages,
  - the training and education of the labour force,
  - changes in technology, the number of companies/businesses operating in the same sector/industry,
  - government regulations,
  - the price and availability of other production inputs,
  - the cost of living in a specific region and
  - the nature and conditions of the job.
- The Foreign Worker System-Job Bank data analyzed could not be disaggregated regionally and only included LMIA records associated with job postings on the Job Bank. The administrative review and linkage with the Job Bank data was used to perform descriptive quantitative analysis. Causality type data analysis was not conducted.
- The data can be interpreted differently depending on the labour market, stream, and time frame selected. In addition, the wage related analysis is exploratory in nature. It is not sufficient to draw specific conclusions on the effect of the program on wage suppression.

## ANNEXES

## Annex C – Methodology

## Line of Evidence

**Focus groups**

- The purpose of the focus group is to gather in-depth information, explanations, perceptions and examples from different groups of stakeholders to answer the evaluation questions.
- In total, 12 discussion groups totaling 97 participants were conducted, including:
  - 5 focus groups with a total of 19 employers;
  - 3 focus groups conducted with a total of 37 foreign workers;
  - 2 focus groups conducted with 11 Government of Canada stakeholders;
  - 2 focus groups conducted with 30 other external stakeholders.
- Purposive sampling was used to ensure participants represented various streams, regions and years of experience.
- More details on the final composition of focus groups are presented on the following page.

## Key Limitations

- Since ESDC does not have access to the personal contact information of the foreign workers, it was necessary to reach the workers through service provider organizations. This could have resulted in selection biases, which can limit the generalization of results. However, foreign workers were represented from diverse regions and within several work streams providing a strong representation of views from this group.
- While all attempts were made to create a sample that would be representative of all streams, regions and levels of experience, some regions or sectors were more represented than others.
- Despite the limitations noted, the consistency in messaging from stakeholders, foreign workers and employers, are valid enough to contribute to program decision making in the future.



## ANNEXES

## Annex C – Methodology

Table C-1: Focus groups coverage – additional information

5 focus groups conducted with 19 employers	<ul style="list-style-type: none"> <li>▪ Agriculture – Surrey, British Columbia (n=5)</li> <li>▪ Construction – Langley, British Columbia (n=2)</li> <li>▪ Tourism – Vancouver, British Columbia (n=6)</li> <li>▪ Meat Processing – Calgary, Alberta (n=3)</li> <li>▪ Tourism – Montreal, Quebec (n=3)</li> </ul>
3 focus groups conducted with 37 foreign workers	<ul style="list-style-type: none"> <li>▪ Agriculture – Surrey, British Columbia (n=13)</li> <li>▪ Meat Processing – Calgary, Alberta (n=8)</li> <li>▪ Trucking – Montreal, Quebec (n=16)</li> </ul> <p>Most participants (about 95%) understood well and were able to provide answers themselves in English. A few questions required translation in the workers' mother tongue (other than French). This was done by a staff member at the service provider organization where the focus group was held.</p>
2 focus groups conducted with 11 Government of Canada stakeholders	<ul style="list-style-type: none"> <li>▪ ESDC / Service Canada employees – in-person session held in Gatineau with 3 regional staff joining in by way of teleconference (n=8)</li> <li>▪ Representatives from other Government of Canada departments, namely Immigration, Refugees and Citizenship Canada and the Canada Border Services Agency – in-person session held in Ottawa (n=3)</li> </ul>
2 focus groups conducted with 30 other external stakeholders	<ul style="list-style-type: none"> <li>▪ Third-party intermediaries, labour or union representatives - Ottawa, ON (n=12)</li> <li>▪ Business/employer representatives – Ottawa, ON (n=18)</li> </ul> <p>The in-person focus groups were held in Ottawa. However, many participants phoned in from across Canada, including from Toronto, Montreal, Calgary, Vancouver and the Maritimes. A number of participants were also representing organizations that had a mandate that is national in scope.</p>
In-person sessions held in 4 provinces or regions	<ul style="list-style-type: none"> <li>▪ Ottawa, Ontario, and Gatineau, Quebec</li> <li>▪ Vancouver, Langley, and Surrey, British Columbia</li> <li>▪ Calgary, Alberta</li> <li>▪ Montreal, Quebec</li> </ul> <p>The focus groups included a mix of participants from rural areas and urban centers.</p>
5 industries engaged	<p>Agriculture, tourism, construction, meat processing, trucking.</p> <p>Employers from the tourism industry included a wide range of businesses: an hotel, a spa, specialty cuisine restaurants, craft shops, tour providers, a gymnastic studio, and a theatre production company.</p>

## ANNEXES

## Annex C – Methodology

Line of evidence	Key limitations
<p style="text-align: center;"><b>Key informant interviews</b></p> <ul style="list-style-type: none"> <li>➤ Key informant interviews were designed to gather in-depth evidence, including opinions, explanations, examples and factual information with respect to the evaluation questions set out in this evaluation. The interviews allowed for a better understanding of: <ul style="list-style-type: none"> <li>• the relevance of the program,</li> <li>• its effectiveness in addressing the short-term labour needs of firms,</li> <li>• its impact on wages and</li> <li>• barriers that employers face when trying to recruit Canadian citizens and permanent residents.</li> </ul> </li> <li>➤ Key informants include those who can speak to both the successes and potential failures of the program in relation to the evaluation issues and questions. Factual information would include statistics and/or documented evidence in support of a statement.</li> <li>➤ A total of 37 interviews were completed over the course of approximately 1 year, in parallel to focus groups. Interviewees are distributed as follows: <ul style="list-style-type: none"> <li>• 7 ESDC program officials from the Skills and Employment Branch and the Program Operations Branch;</li> <li>• 10 members of Service Canada regional staff, including at least 1 from each of the 4 Service Canada regions;</li> <li>• 5 key informants from other government departments who interact with the program. They included 4 key informants from Immigration, Refugees and Citizenship Canada and 1 from the Canada Border Services Agency.</li> <li>• 9 external stakeholders representing the employer side (for example industry and sectoral councils, employer associations, immigration consultants).</li> <li>• 6 external stakeholders representing the worker side (for example service provider organizations, union representatives).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ The geographical and sectoral coverage of the key informant interviews was limited by: <ul style="list-style-type: none"> <li>• The lack of responsiveness to invitations from some groups of external stakeholders (third party intermediaries, service provider organizations in particular).</li> <li>• The high number and diversity of the sectors and organizations using the program across Canada.</li> <li>• A limited number of interviews could be conducted with external stakeholders in the available timeframe. About 2 full months were lost due to the COVID-19 pandemic.</li> </ul> </li> <li>➤ The segments not covered during the key informant interviews include the following: <ul style="list-style-type: none"> <li>• Third party intermediaries based in the Prairies, Atlantic Canada and Northern Canada.</li> <li>• Service providers and other third party organizations who work specifically with live-in caregivers or housekeepers hired through the program.</li> <li>• Recruitment agencies with experience hiring temporary foreign workers abroad (outside the agricultural sector).</li> <li>• External stakeholders representing, or with a strong knowledge of, specific sectors where the program is used, including: <ul style="list-style-type: none"> <li>○ Information technology (IT).</li> <li>○ Arts, recreation and entertainment.</li> <li>○ Health care.</li> <li>○ Finance and insurance.</li> <li>○ Construction.</li> </ul> </li> </ul> </li> </ul>



➤ **Scale used to report the findings**

“**All/almost all**” – findings reflect the views and opinions of 90% or more of the key informants in the group.

“**Large majority/most**” – findings reflect the views and opinions of at least 75% but less than 90% of key informants in the group.

“**Majority**” – findings reflect the views and opinions of at least 51% but less than 75% of key informants in the group.

“**Half**” – findings reflect the views and opinions of 50% of the respondents in the group.

“**Some**” – findings reflect the views and opinions of at least 25% but less than 50% of key informants in the group.

“**A few**” – findings reflect the views and opinions of at least 2 respondents but less than 25% of key informants in the group.

“**One**” – findings of 1 highly knowledgeable key informant.

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## Annex C – Methodology

## Survey of employers

- The stratified sample for the survey was drawn from the database of employers that applied to the program between 2014 and 2018. A total of 76,808 unique applicants submitted 184,043 LMIAs. About 40% of applicants applied in more than 1 year.
  - Among all applicants, about 2 in 3 (65%) applied to the Low-Wage Stream. Almost 9 in 10 (87%) applicants had experience with a positive LMIA (while 28% also experienced a negative). The proportion of applications by year is fairly consistent and ranges from 26% to 35% between 2014 and 2018.
  - Of the 8,239 applicants sampled, 9% (718) were removed because they did not have contact information or were duplicates. Invitations were distributed to 7,521 unique email addresses, out of which 505 (7%) applicants completed the survey.
- 
- The table below shows the distribution of the population, sample and completed surveys based on administrative data.
  - Compared to the stratified sample, among those who completed the survey:
    - Those in the Primary Agriculture Stream were over-represented. This stream represents 17% of the sample but it accounts for 38% of completed surveys,
    - Those in the High-Wage and Permanent Residency Streams were under-represented. The former makes up 32% of our sample but only 20% of the surveys completed. The latter represents about 24% of the sample but only 15% of the surveys completed.

Surveying Canadians for this evaluation would be considered public opinion research so this was a limitation. However, to ensure that Canadian perspectives were included in the evaluation, Canadian job seekers' behaviours are indicated in the data analysis of the Job Bank and Foreign Worker System.

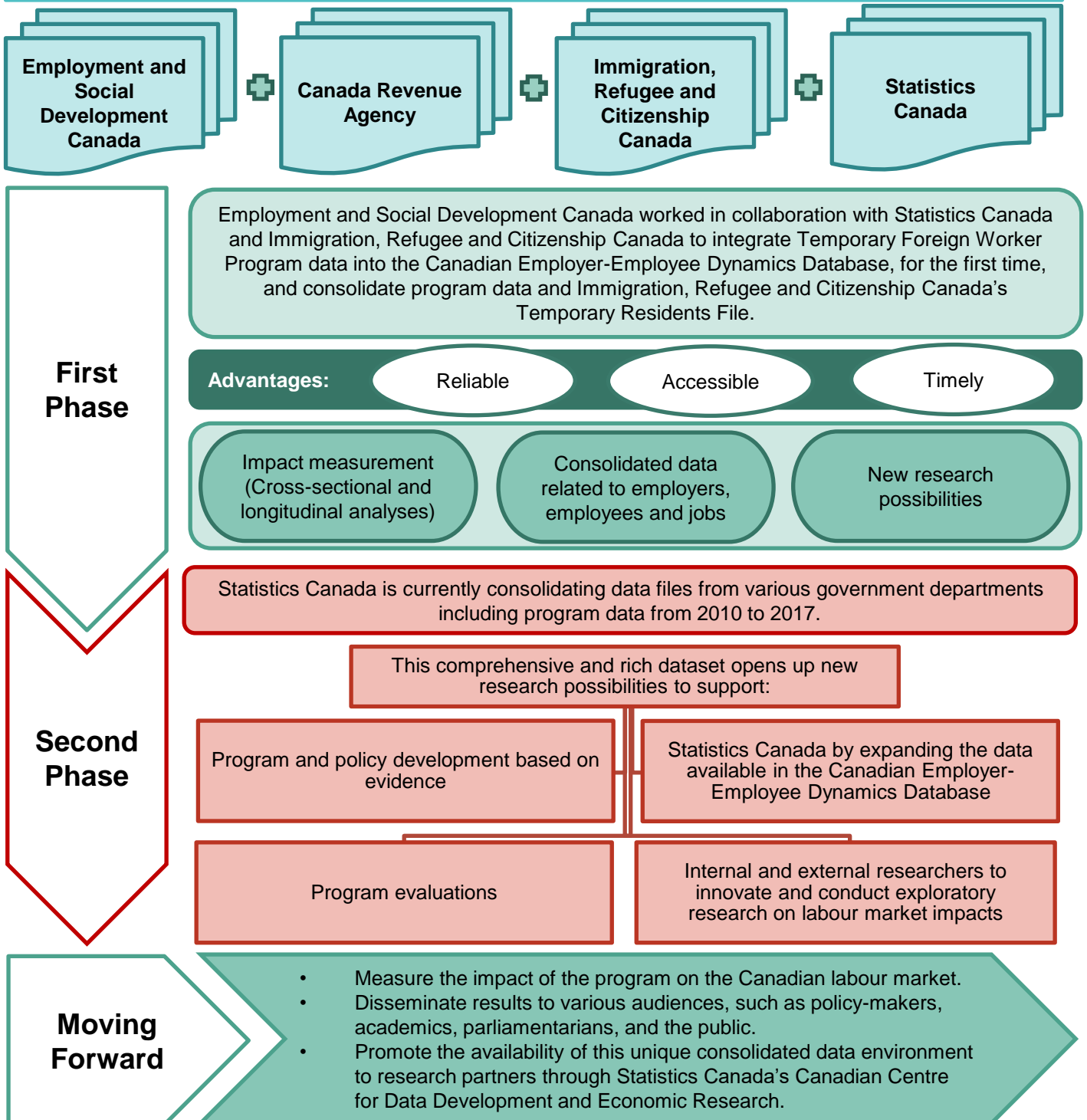
Table C-2: Percentage of population, sample and surveys completed

Stream and/or LMIA result	(based on administrative data)		
	Population (n=83,217)	Sample (n=8,239)	Actual surveys completed (n=505)
<b>Primary Agriculture Stream</b>	8%	17%	38%
Positive LMIA	7%	15%	37%
Negative LMIA	<1%	3%	1%
<b>Low-Wage Stream</b>	60%	28%	28%
Positive LMIA	51%	13%	15%
Negative LMIA	8%	14%	13%
<b>High-Wage Stream</b>	27%	32%	20%
Positive LMIA	22%	14%	12%
Negative LMIA	5%	18%	8%
<b>Permanent Residency Stream</b>	6%	24%	15%
Positive LMIA	4%	20%	12%
Negative LMIA	1%	4%	2%
<b>Total</b>	100%	100%	100%
<b>Total positive</b>	85%	61%	77%
<b>Total negative</b>	15%	39%	23%

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Annex D – Temporary Foreign Worker Program consolidated data files

Figure D-1: Multiple data files from various government departments consolidated and available through the Canadian Employer-Employee Dynamics Database.



ANNEXES

**Annex E – Additional evaluation findings and observations**

**Employers’ efforts to hire Canadian workers from the underrepresented groups**

- The most common reason that employers stated for not hiring from underrepresented groups was that **no one from those groups applied or seemed interested in the job**. Specifically, this reason was mentioned by:
  - **84.2%** of the 405 respondents asked why they did not recruit or attempt to recruit **Indigenous Canadians**,
  - **68.0%** of the 387 respondents asked why they did not hire or try to hire **vulnerable youth**,
  - **64.8%** of the 369 respondents asked why they did not hire or try to hire **newcomers**, and
  - **57.6%** of the 410 respondents asked why they did not hire or try to hire **persons with disabilities**.

**Table E-1: Additional reasons for not hiring:**

Indigenous Canadians	
Did not have the skills, credentials and/or work experiences required for the job	13.3%
Was not aware that jobs seekers from this group were available in my area	9.4%

Persons with disabilities	
Assumed that the work could not be done by those with disabilities	49.8%
Was not aware that jobs seekers from this group were available in my area	6.3%

Newcomers	
Did not have the skills, credentials and/or work experiences required for the job	26.6%
Did not have Canadian work experience (or not enough)	12.7%

Vulnerable youth	
Did not have the skills, credentials and/or work experiences required for the job	19.9%
Was not aware that jobs seekers from this group were available in my area	9.8%

Source: ESDC’s employer survey 2020 (for the period 2015 to 2020).

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**Annex E – Additional evaluation findings and observations****Key areas for improvement of the LMIA process identified by both internal and external stakeholders.**

- Some employers and third party intermediaries reported the presence of inconsistencies in some of the decisions made for comparable LMIA applications assessed by different program officers.
- Some Service Canada key informants confirmed the presence of those inconsistencies and explained that they could be related to:
  - The lack of labour market information that is precise, detailed or timely enough. This makes the assessment of labour market conditions and shortages for specific occupations at the regional or local level particularly difficult.
  - The lack of clarity and precision of the guidelines received from ESDC's National Headquarters regarding the interpretation and application of program rules and requirements.

The Foreign Workers System administrative data review and the survey of employers revealed gaps in the quality and comprehensiveness of employer contact information and other information collected during the LMIA process.

- Clear definitions or descriptions were missing for several variables listed in the Foreign Workers System data dictionary.
- Out of the 8,239 applicants sampled for the survey of employers, about 9% had to be removed from the sample as they did not have contact information or were duplicates. Approximately 16% of the roughly 7,500 email invitations sent to those sampled were undeliverable (in other words bounced back).
- Out of about 2,800 phone numbers dialed to follow-up with potential survey respondents, close to 1 in 5 (18%) were not in service. This proportion is considered high. However, some of those phone numbers were registered in the database several years ago, and the survey started after the beginning of the COVID-19 pandemic. During that time, some of those businesses might have stopped operating.

Sources: ESDC's focus groups 2020, ESDC's key informant interviews 2020 and ESDC's data analysis (2011 to 2018).