

## Chapter 3. Temporary labour migration

*This chapter describes and analyses the two streams via which temporary labour migrants come to Canada: the Temporary Foreign Worker (TFW) Program and the International Mobility Program (IMP). It also looks at a specific sub-group of temporary immigrants — international students — who since 2014 enjoy extended working rights. The chapter outlines how the labour-market-tested TFW Program, has become rather tightly managed and has continuously declined in overall numbers while the IMP has grown substantially. It also discusses some specific elements of the system, such as the policies for caregivers and, more generally, the role of two-step (temporary to permanent) migration in international comparison.*

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The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

A key objective of temporary labour migration is to fill labour shortages that are often concentrated in certain sectors and regions and – as the name suggests – temporary in nature. In Canada, there are not only temporary labour migrants who are admitted for such purposes, but also a wide range of temporary migrants with working rights (such as researchers) coming under multiple programmes for varying durations and purposes.

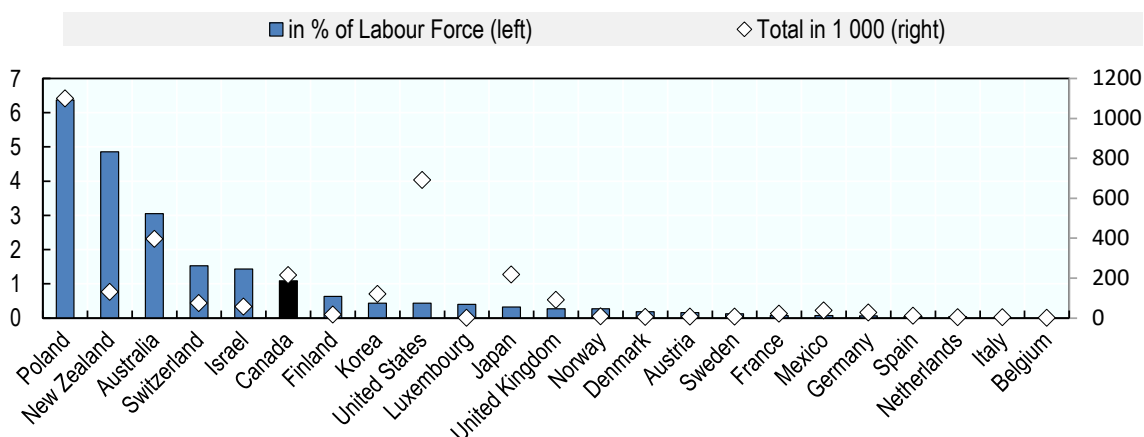
While in principle, a labour market test is required for temporary labour migrants to ensure that Canadian or permanent residents are not available to fill an open position, numerous exemptions apply. In particular, about three in four temporary migrants to Canada with working rights are admitted because their presence provides broader economic, cultural or other competitive advantages for Canada, or because Canadians/permanent residents enjoy the same benefits in their country of origin. The admissions of these migrants is not linked to labour market needs – and thereby not labour-market-tested. Of these, about two-thirds receive open work permits, and information on their activities is scarce. As a result, a large and growing number of individuals in Canada have open work permits over which very little oversight and hence analysis is currently possible. At the same time, procedures for labour market tested programmes have become complex and are now tightly regulated, leading to an overall decline in new inflows under these streams.

Canada traditionally had clearly separated pathways for temporary and permanent labour migration. This is gradually changing, and onshore transitions are increasingly common. In most low-skilled occupations however, transitions are still rare, as these migrants can essentially only pass through provincial nominations. Other programmes, such as those in the caregiving sector, have a longstanding dual intent with a built-in transition to permanent residence, subject to a number of requirements.

Though not generally viewed as temporary labour migrants, a key group to consider in this context are international students. Their working rights during study have greatly expanded in recent years, and Canada also provides them with comparably favourable options to stay and work after graduation. International students are also a key source of future permanent labour migrants, benefitting from a selection system that values Canadian credentials and experience.

## Overview of temporary labour migrant groups

In 2017, according to standardised OECD data, around 214 000 temporary labour migrants entered Canada for work purposes, a number that has strongly increased in recent years (+50% 2015/2017). However, compared with peer systems in Australia and New Zealand, Canada still receives relatively few temporary workers for work purposes, around 1.1% of its labour force (Figure 3.1).

**Figure 3.1. Annual inflow of temporary labour migrants, 2017**

Note: Data excludes renewals and temporary migration under mobility agreements, such as posted workers (intra-EU/EFTA).

Source: *OECD Migration Database 2018* (<https://stats.oecd.org/Index.aspx?DataSetCode=MIG>) and *OECD Labour Force Database 2018* ([https://stats.oecd.org/Index.aspx?DataSetCode=ALFS\\_SUMTAB](https://stats.oecd.org/Index.aspx?DataSetCode=ALFS_SUMTAB)).

A large number of programmes for temporary work purposes co-exist, including bilateral programmes with countries and regions. Some programmes target specific occupations or seasonal employment, and others, such as those for caregivers, have established explicit links with the permanent migration system, initiating a two-step – temporary to permanent – migration. As mentioned in Chapter 1, following concerns of abuse of the previous temporary foreign worker programme, changes to the temporary migration system took place in 2014, establishing two distinct programmes (ESDC, 2014<sup>[1]</sup>).

The first is the Temporary Foreign Worker (TFW) Program, through which employers can hire foreign workers to fill labour and skill shortages where qualified Canadians or permanent residents are not available. A labour market test – a so-called Labour Market Impact Assessment (LMIA) by Employment and Social Development Canada (ESDC) – verifies the genuine need for a temporary foreign worker by checking that the employer has first tried to recruit among Canadians and permanent residents. The employer applies for the authorisation to hire under the TFW Program to ESDC. Once the employer has received a positive LMIA, the foreign worker can apply with the positive LMIA for a work permit to IRCC, under the TFW Program.

This process differs if the temporary worker, under the TFW Program, intends to work in Quebec. In that case, employers must obtain approval from both ESDC and the Quebec government by submitting an application for an LMIA to both ESDC and the Ministère de l'Immigration, de la Diversité et de l'Inclusion (MIDI). In addition, employers need to submit an application to MIDI for a Certificat d'acceptation du Québec (CAQ) for temporary work in Quebec. ESDC and MIDI jointly analyse the LMIA according to respective regulatory criteria. MIDI assesses wages, working conditions and whether the employment of the foreign worker is likely to adversely affect the settlement of any labour dispute in progress or the

employment of any person involved in the dispute. ESDC assesses recruitment efforts, the authenticity of the job offer and the labour market need.<sup>1</sup> Subsequently, the TFW must submit their work permit application to IRCC and attach a copy of the joint positive LMIA decision, as well as the approved CAQ.

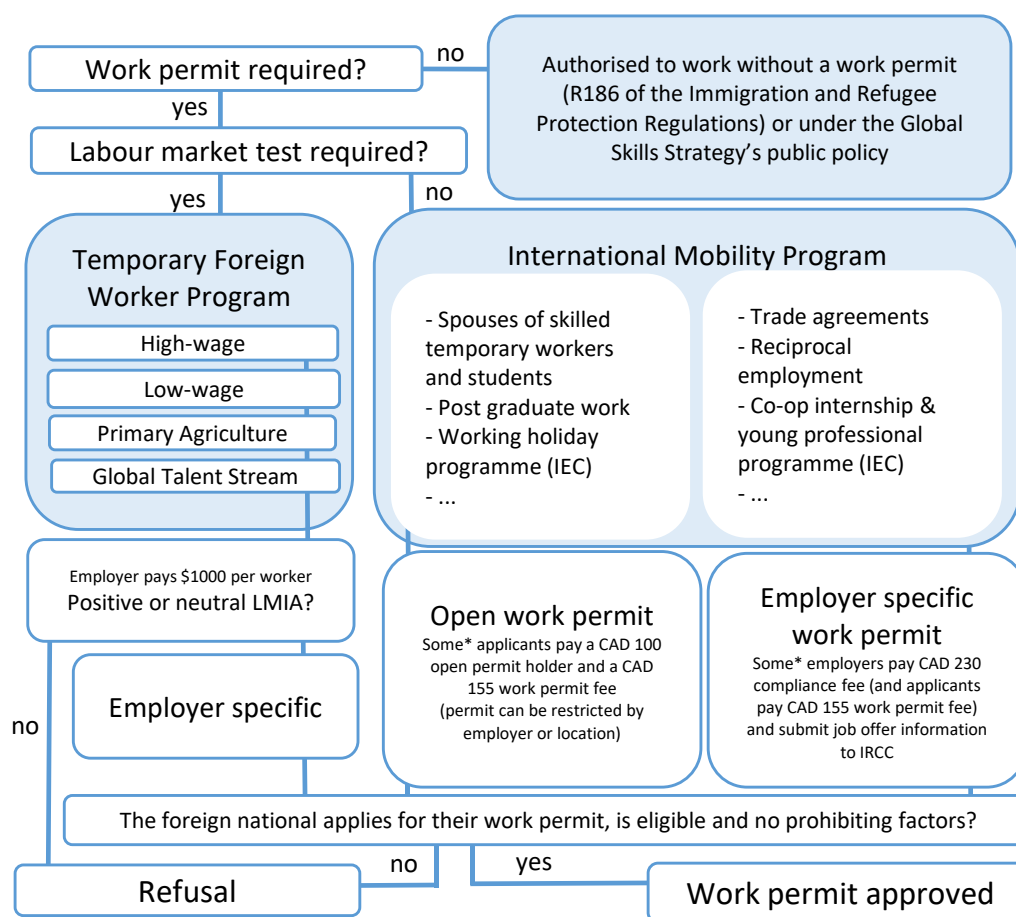
The second umbrella programme, the International Mobility Program (IMP), includes LMIA-exempt work permits as well as work permit exemptions. Exemptions from the labour market test are provided when there are broader economic, cultural or other competitive advantages for Canada or when Canadians and permanent residents enjoy reciprocal benefits in other countries such as in the case of international exchanges or provisions under trade agreements. In addition, exemptions from the LMIA exist for a number of specific groups, including refugee claimants, certain permanent residence applicants in Canada and their family members and for humanitarian reasons. Several professions and individuals are allowed to work in Canada without a work permit. This includes international full-time students with a valid study permit, who can work part-time during the academic season and full-time during academic break both on and off campus based on their valid study permit if the permit states this condition, business visitors and short-term highly skilled workers and researchers, foreign representatives, foreign military members as well as some specific professions.<sup>2</sup> ESDC is responsible for the TFW Program while Immigration, Refugees and Citizenship Canada (IRCC) administers the IMP.

Temporary work permits in Canada can be either open or employer-specific. Open work permits are in most cases unrestricted<sup>3</sup>, meaning they are neither employer- nor occupation-bound and allow their holder to work throughout Canada and for any employer. Open work permits do not require an LMIA from ESDC and employers do not need to submit an offer of employment via the Employer Portal, nor pay the full employer compliance fee (see next section). Individuals who receive an open work permit come from a diverse group of foreign nationals who require such permits for many different reasons. As they do not need an LMIA, open work permit holders are part of the IMP, although not all individuals who are part of the IMP are eligible for an open work permit. The largest groups with such a permit are spouses of economic immigrants and international students, former international students holding a post-graduation work permit, and participants in the working holiday programme, one of three categories under the International Experience Canada (IEC), the bilateral reciprocal Youth Mobility Agreements (YMA) Canada has negotiated with partner countries. Furthermore, open work permits are also granted to other groups under the IMP, such as, for example, asylum seekers and applicants for permanent residence from within Canada.

While open work permits state solely the duration of the permit, an employer-specific permit additionally states the name of the employer and, where applicable, the location. A temporary foreign worker who holds such a permit can only work for the employer, length of time and, where applicable, the place specified on the permit. Individuals working under the TFW Program generally hold employer-specific work permits. Hence, they need to obtain a new work permit if they wish to change employer. Workers under the Seasonal Agricultural Workers Program

(SAWP) – one sub-stream of the Primary Agriculture stream – are an exception to the rule. Although these workers are part of the TFW Program, they do not need a new work permit to change employers, as long as the new employer has a valid LMIA to hire the foreign worker under the SAWP.<sup>4</sup> Figure 3.2 provides an overview of temporary labour migration.

**Figure 3.2. Overview of temporary labour migration**



Note: Under the TFW Program, many employers are exempted from paying the CAD 1 000 fee; for example, positions under the TFW Program's Agriculture Stream.

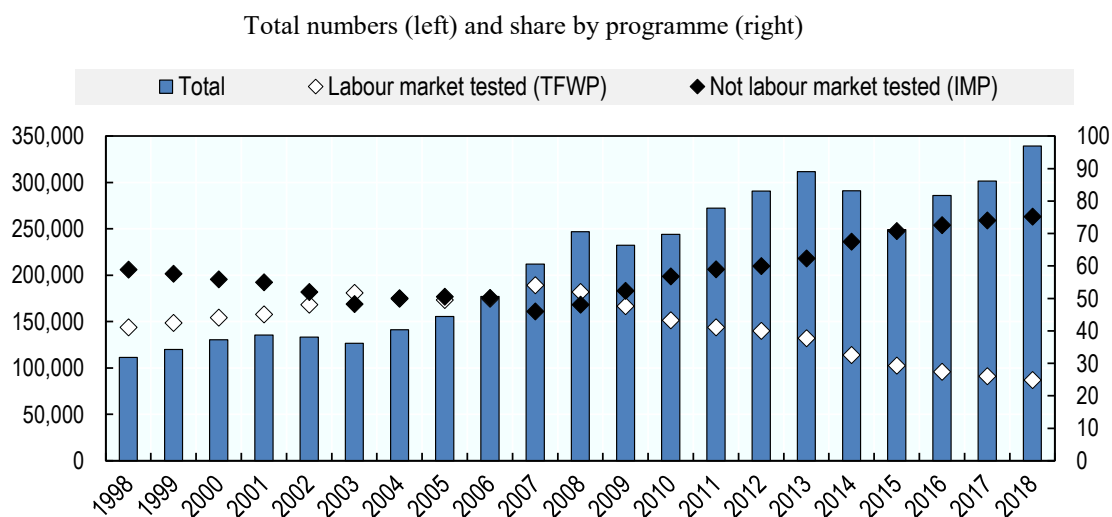
\*If the applicant is exempt from the requirement to pay the work permit processing fee, he/she will be exempt from the requirement to pay the open work permit holder fee. If the applicant is exempt from the requirement to pay the work permit processing fee, the employer will be exempt from the requirement to pay the open work permit holder fee.

Source: OECD Secretariat with data from IRCC.

Over the last 20 years, there has been a strong increase in temporary work permits. Numbers tripled from around 110 000 permits in 1998 to close to 340 000 in 2018 – a number equivalent to about 1% of the Canadian population.<sup>5</sup> In particular, the number of temporary migrants under the IMP reached unprecedented levels. They accounted for three-quarters of work permits issued to temporary labour migrants in 2018 (Figure 3.3). When considering only initial work permits for work purposes

in 2018, over 82% were issued under the IMP and only 18% under the TFW Program, as most permits under the latter are renewals – especially for returning agricultural workers.

**Figure 3.3. Work permit holders by year in which permit(s) became effective and programme (%), 1998-2018**



Source: OECD Secretariat calculations based on data from IRCC.

In absolute numbers, most work permit holders concentrate in Ontario, followed by British Columbia and Quebec. This is irrespective of the programme (TFW Program/IMP) though, importantly, for a fifth of IMP work permits issued, the intended location (province/territory) of work is not recorded. Relative to the population however, foreign work permit holders are often found in Prince Edward Island, British Columbia and Yukon, where they account for more than 1% of the population.

As noted, an increasing number of international students adds to Canada's labour force. In 2018, Canada issued close to 185 000 initial study permits<sup>6</sup>, a close to three-fold increase over ten years. However, the total number of study permits cannot simply be added to those temporary labour migrant with work permits, and this for several reasons. First, there are possible overlaps,<sup>7</sup> second, not all study permit holders benefit from these provisions<sup>8</sup> and, thirdly, not all international students take advantage of the working opportunities provided by their permit.

In the following paragraphs, the three groups – temporary workers under the TFW Program, the IMP and international students – are each discussed in more detail.

### *Temporary Foreign Worker (TFW) Program*

*Recent reforms to the labour-market-tested programme reduced the number of permits issued*

The TFW Program itself has undergone several significant reforms in recent years.<sup>9</sup> These were motivated by concerns to streamline the programme, thereby rendering it a last and limited resort to fill acute labour shortages and to address integrity issues, as well as concerns about the treatment of some temporary foreign workers (Nakache and Kinoshita, 2010<sup>[2]</sup>; HUMA, 2016<sup>[3]</sup>; CIC, 2012<sup>[4]</sup>).

As a result, Canada introduced stricter provisions for testing labour needs and labour market impact. The current Labour Market Impact Assessment (LMIA) requires employers to provide extensive information, such as the number of Canadians and permanent resident workers who applied and interviewed for a position, and reasons why interviewed candidates were not hired. A fee of CAD 275 for the LMIA was introduced in 2013 and raised to CAD 1 000 in June 2014.

A crucial change with the overhaul of the programme in 2014 was that all streams in the TFW Program – apart from the Primary Agriculture stream and the, since terminated, Live-in Caregiver Program (LCP) – were reorganised. They are now based on wage levels rather than on occupational groups and skill levels. If an employer is offering a wage that is at or above the provincial/territorial median hourly wage, it is considered a “high-wage” position, and if the offered wage is below the median hourly wage, it is considered a “low-wage” position. Job Bank (see below) lists the current median hourly wage by province/territory and shows the varying wage levels across the country (Table 3.1) The process of obtaining an LMIA differs depending on whether the position is classified as “high-wage” or “low-wage”.

**Table 3.1. Median hourly wages in CAD by province or territory**

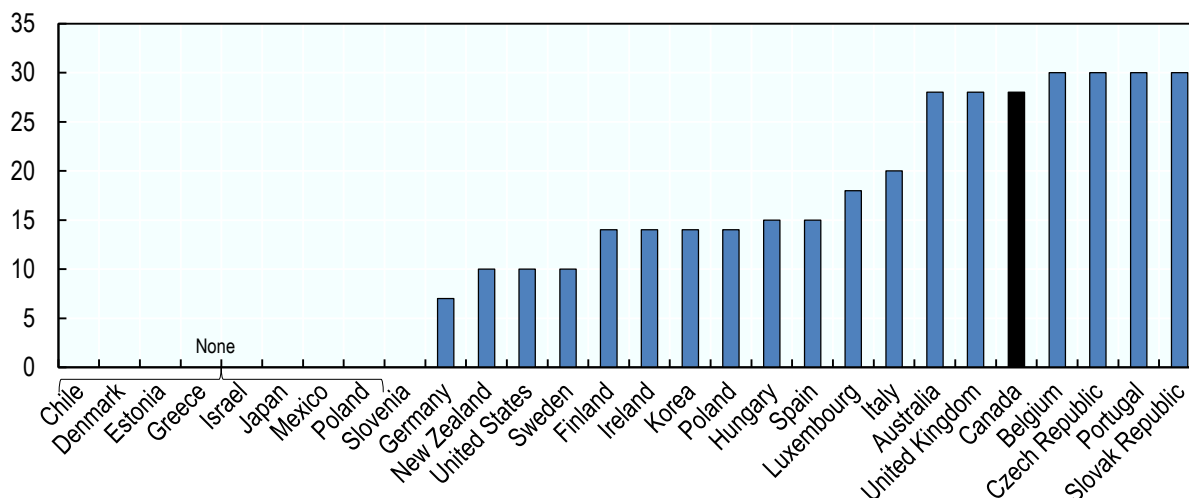
Province/Territory	2018 wage (CAD / hour)
Alberta	26.67
British Columbia	23.98
Manitoba	21.00
New Brunswick	20.00
Newfoundland and Labrador	22.00
Northwest Territories	34.00
Nova Scotia	20.00
Nunavut	30.00
Ontario	23.08
Prince Edward Island	19.49
Quebec	22.00
Saskatchewan	24.52
Yukon	30.00

Source: IRCC online data based on Statistics Canada, Labour Force Survey, 2018.

For both wage streams, the employer needs to provide details about the job offer, such as job responsibilities, location, working hours, pay and benefits. As part of the LMIA, labour market impacts of the employment of the foreign temporary worker are also assessed. For “low-wage” positions, a cap applies to limit the number of low-wage TFWs hired by the same employer at a particular location to a maximum of 10% of the total staff or 20% for employers who employed temporary foreign workers in the six weeks prior to June 20, 2014, though there are some exemptions.<sup>10</sup> In addition, employers cannot hire TFWs in certain low wage occupations<sup>11</sup> requiring little or no education, in the accommodation and food services sectors, or in the retail trade industries, when the unemployment rate in the economic region in question is 6% or higher. “High-wage” positions are not capped, but require a transition plan, outlining steps employers will take to transition to a domestic workforce.

Further changes in 2014 for obtaining an LMIA stipulated that employers must advertise vacancies for four consecutive weeks – instead of two previously. One channel for doing so is Canada’s national online platform “Job Bank”, which connects job seekers with job openings. It also provides a wide range of labour market information, including the median wage of an occupation by province or territory. As of August 2017, employers (with some exceptions) seeking access to the “high-wage” and “low-wage” streams of the TFW Program are required to advertise on Canada’s Job Bank and subscribe to the Job Match alert service for at least four consecutive weeks as part of their advertising requirements. Employers also have to demonstrate their efforts to recruit Canadian/permanent residents (see below). The required duration of advertisement is at the high end of the scale compared to other OECD countries (Figure 3.4).

**Figure 3.4. Duration of the advertising period in the labour market test for temporary labour migration permits, in days, 2018**



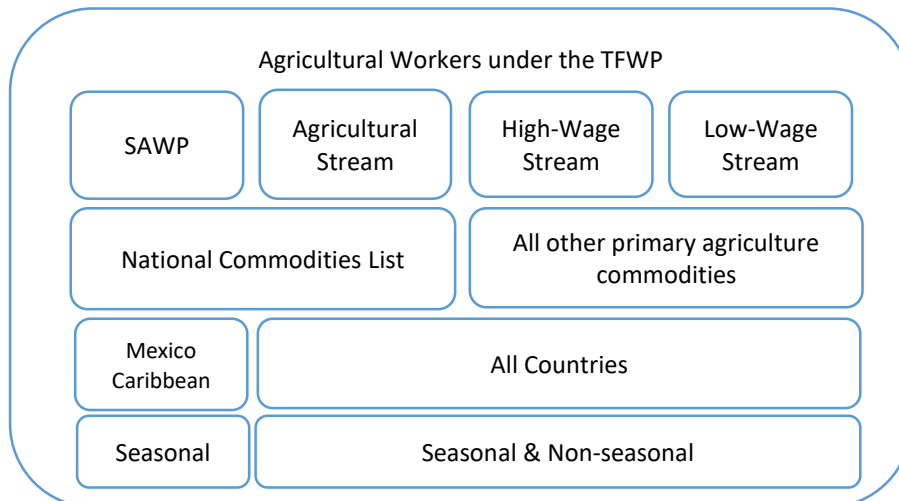
Source: OECD Secretariat.



“Job Match” – a feature of Job Bank – allows employers to see the profiles of registered Canadian job seekers who correspond to the skills profile outlined in their job postings. Jobseekers who provide an email address in their online application for employment insurance are automatically sent an email to subscribe to Job Match alerts. Depending on how well they match the employment offer, job seekers receive a one out of five star rating on Job Bank. Employers are required to invite all job seekers matched within four consecutive weeks of the job advertisement to apply for the position if they are rated four stars or more under a “high-wage” scenario, or two stars or more under a “low-wage” scenario.

An enhanced policy on recruitment processes was put in place in August 2017 to further ensure that Canadian citizens and permanent residents are considered first and foremost for available jobs. Employers seeking to hire temporary foreign workers in “low-wage” occupations (with some exceptions) must now demonstrate that they have made efforts to recruit from two or more underrepresented groups that face barriers to employment (i.e., Indigenous people, vulnerable youth, persons with disabilities, and newcomers) before they can apply to the “low-wage” stream. Previously, employers were required to demonstrate efforts to recruit from a single underrepresented group.

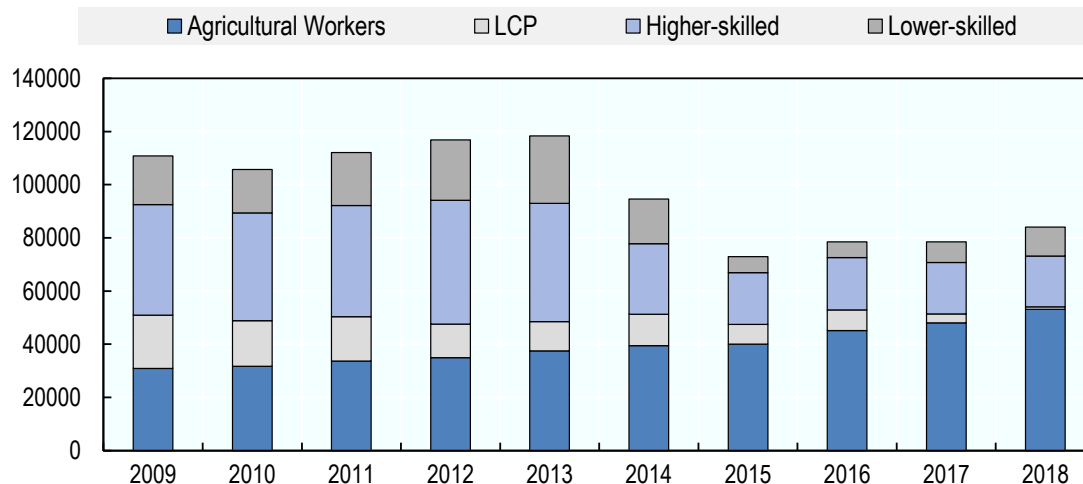
Temporary foreign workers under the TFW Program today can be grouped into the “high-wage” positions Stream, the “low-wage” positions Stream, the Global Talent Stream and the Primary Agriculture Stream (Figure 3.2). The Primary Agriculture stream is currently divided into four sub-streams: The Seasonal Agricultural Worker Program (SAWP), the Agricultural sub-stream, the High-Wage sub-stream, and the Low-Wage sub-stream. The primary agriculture stream’s High- and Low-Wage sub-streams are not to be confused with the “high-” and “low-wage” under the broader TFW Program. The seasonal SAWP, where the temporary foreign worker is a national of Mexico or participating Caribbean countries, is by far the largest programme accounting for about three-quarters of permits issued over the last decade. However, in 2018, initial permits – those not issued to returning workers – under the other streams accounted for around two-thirds of permits issued. This suggests that while the absolute new intake of the SAWP increased modestly, the growth of the agricultural programmes between 2015-18 was driven by a larger intake under these other seasonal and non-seasonal programmes (Figure 3.5).

**Figure 3.5. Streams of agricultural workers under the TFW Program**

*Note:* The primary agriculture stream’s High- and Low-wage Streams are not to be confused with the “high-” and “low-wage” under the broader TFW Program.  
Source: ESDC (2019<sup>[5]</sup>).

Since the termination of the Live-in Caregiver Program (LCP) in 2014, newly arriving immigrants working in caregiving occupations are part of the regular “high-” or “low-wage” streams. Overall, with the 2014 restructuring of the TFW Program, the number of work permits issued decreased significantly although there was a slight rise in 2018, driven by increases in the agricultural stream (Figure 3.6).

Work permits can be valid for differing durations. Participants under the SAWP – about two-thirds of all agricultural workers in 2018 – have to leave Canada by the 15<sup>th</sup> of December each year and can only return the following year. The duration of a work permit for “low-wage” workers outside of caregiving occupations<sup>12</sup> has been set at a maximum of one year. This makes – where applicable – an annual renewal necessary. For “high-wage” workers, the duration is a maximum of two years. At the same time, since December 2016, temporary foreign workers can remain and work in Canada as long as they have a valid visa/work permit.<sup>13</sup>

**Figure 3.6. TFW Program permit holders with permit(s) by sign year, 2009-18**

Note: Numbers show individual work permit holders by programme with a permit signed in the given year. The Live-in Caregiver Program (LCP) ended in 2014 and foreign caregivers under the 2014 caregiver pilots take part in the regular LMIA tested programmes. Data excludes a small number of other TFW Program holders. Source: OECD Secretariat calculations based on data from IRCC.

### *The labour market test for “high-wage” positions is cumbersome*

As mentioned, for “high-wage” job offers, employers must provide a “transition plan” in which they specify how they intend on reducing their dependence on temporary foreign workers and to transition to a Canadian workforce in the future. This plan comes in addition to fulfilling many of the same requirements for “low-wage” occupations. Regarding the transition plan, employers have two options – either to help the temporary foreign worker to become a permanent resident or to reduce the need for temporary foreign workers altogether. Regarding the latter, employers need to provide proof of four distinct activities to recruit, train or retain Canadians/permanent residents. Such activities notably include: raising the wages offered, providing on-the-job training, providing paid leave for education, engaging with headhunting firms, partnering with unions, providing part-time or flexible working solutions, and providing financial support to relocate workers. One of these activities has to engage an organisation serving groups that face barriers in the labour market. Alternatively, employers can commit in their transition plan to supporting the temporary worker into becoming a permanent resident. This can for example entail to offer language training to support a permanent residence application. If employers are not able to demonstrate that they have made reasonable efforts to fulfil the commitment made in their Transition Plan, their subsequent LMIA application may receive a negative assessment on this labour market factor. Table 3.2 provides an overview of the LMIA, by TFW stream.

**Table 3.2. Key assessment criteria by TFW Program streams**

	High Wage Stream	Low Wage Stream	Primary Agriculture Stream	Global Talent Stream
Assessing the genuineness of the job offer	X	X	X	X
Direct job creation/retention	X	X	X	X
Transfer of skills/knowledge	X	X		X
Filling a genuine labour shortage	X	X	X	X
Employer offers prevailing wage and acceptable working conditions	X	X	X	X
Employer has/will attempt to hire or train Canadians	X	X	X	X
No effects on current labour dispute	X	X	X	X
Transition Plan	X			
Labour Market Benefits Plan				X
Verification of cap (maximum 10% of workforce, or 20% for employers employing TFW six weeks prior to June 20, 2014)		X		

Note: Employers can be banned from the TFW Program in the case of previous non-compliance.  
Source: ESDC's Resource Determination Model (RDM).

It is not clear why this cumbersome process of a transition plan is in place for “high-wage” jobs. Most OECD countries favour rather than discourage recruitment of high skilled temporary migrants. In addition, the bulk of temporary high-skilled employees come via the LMIA-exempt IMP which is discussed below. Under this programme, no labour market test is required. Imposing a transition plan including a CAD 1 000 fee for this group of temporary workers clearly incentivises employers to find ways to switch to the non-labour market tested IMP. Changes in volumes of the IMP in recent years suggest that this might indeed be the case.<sup>14</sup>

#### *The Global Talent Stream facilitates temporary migration for certain employers and occupations...*

Certain temporary labour migrants who require an LMIA benefit from fast-track processing (ten business days).<sup>15</sup> If applicable, their subsequent visa and work permit application can also benefit from fast-track (additional 14 calendar days) processing if they apply from outside Canada and their employer takes part in the Global Talent Stream (GTS) under Canada's Global Skills Strategy (Box 3.1), which was made permanent in Budget 2019. This preferential treatment still requires a positive LMIA, which under the GTS includes a Labour Market Benefits Plan (instead of a transition plan required as in the LMIA for “high-wage” positions).

By using the GTS, employers may apply for an LMIA through two distinct channels. They can either obtain a referral from a “designated partner” for hiring specialised talent (Category A) or recruit for specific jobs from the Global Talent (GT) Occupations List (Category B). Employers do not need to formally demonstrate prior recruitment efforts of Canadians and permanent residents, because a shortage has already been determined in these occupations.

As of February 2019, 37 designated partners had been approved for referral to Category A and the GT Occupations List included 12 occupations (or a subset thereof), mostly professional occupations in natural and applied sciences.

### **Box 3.1. Canada's Global Skills Strategy**

Canada's Global Skills Strategy (GSS) aims to attract top global talent to Canada by providing work permit exemptions for high-skilled short term work, and a dedicated service channel for employers. The goal is to provide faster and assured access to highly-skilled foreign workers to fill job vacancies while ensuring that Canadians and permanent residents have the first opportunity to apply for available jobs. Under the strategy, two types of workers do not need work permits. The first group are individuals working in highly-skilled (NOC<sup>16</sup> 0 and A) occupations for up to 15 days in six months or 30 days in a given year. The second are researchers at a Canadian publicly funded degree-granting institution or its affiliated research institution, who will work for no more than one 120-day period in Canada, once every 12 months.

LMIA-exempt workers qualify for two-week processing of their employer specific work permit application if they are applying from outside Canada, if their employment offer is either a managerial or professional job (classified as 0 or A under the NOC) and their employer has submitted an offer of employment using the Employer Portal and paid the CAD 230 employer compliance fee. However, applicants from the International Experience Canada within the IMP are not eligible for this accelerated processing and have a separate service standard of eight weeks processing time.

LMIA-required workers qualify for two-week processing of their work permit application if they are applying from outside Canada, and have received a positive LMIA through the GTS. The GTS was launched as a two-year pilot in June 2017, as part of the GSS, and made permanent in Budget 2019. It facilitates two-week LMIA processing for companies seeking unique talent, or seeking to hire foreign nationals in occupations for which there is a shortage of domestic labour. The stream is available for two types of Canadian employers:

- Innovative Canadian companies, that are recommended by an ESDC Designated Partner, and seeking to fill a position(s) which requires unique and specialised talent in order for the firm to scale-up and grow (Category A); and
- Companies seeking to hire highly-skilled foreign workers for occupations found on ESDC's GT Occupations List because they have been determined to be in demand and for which there is insufficient domestic labour supply (Category B). The list is focused on technology, engineering and mathematics (STEM) occupations and updated annually based on labour market information.

While the same regulations apply, the GTS has some unique elements. It provides eligible employers with client-focused service to assist with the GTS application process and there are no minimum recruitment requirements. As part of the application process, an employer using the GTS is required to develop a company-specific Labour

Market Benefits Plan that outlines their measurable commitments to create lasting benefits for the Canadian labour market through activities such as job creation, investment in training and skills for Canadians and permanent residents, and increased diversity in the workforce. Progress Reviews of these Labour Market Benefits Plans on an annual cycle help identify and measure progress on these commitments, and all employers returning to the Stream will have their existing Plan reviewed and may be requested to amend or expand existing commitments to make the benefits commensurate with their usage of the Stream. The GTS requires employers to pay and at least annually adjust the wage to temporary foreign workers ensuring equivalent wages to Canadian/permanent resident employees hired for the same job and work location, and with similar skills and years of experience. Under both categories, additional salary thresholds apply. These LMIAs and the subsequent work permit applications benefit from priority processing<sup>17</sup>. Spouses and partners of skilled workers arriving in Canada under this Strategy can get expedited work permits to further their own careers, ensuring that all family members are welcomed together.

As of June 2019, more than 1 300 Canadian companies, representing every province, have used the GTS and since implementation in June 2017 over 23 900 work permit applications were processed under the GSS. In addition, over 160 employers making job-creating investments in Canada have also been referred to IRCC's Dedicated Service Channel, a pillar of the GSS. In 2018, the majority of permits that became effective were open employment authorisations followed by computer and information systems professionals as well as university professors and lecturers.

In 2018, over 80% of new work permits under the GSS were completed within 19 days, while those highly skilled professionals who did not benefit from this accelerated processing needed to wait three times as long (56 days). Work permit extensions for high-skilled level work permits took longer, close to three months (87 days) to complete 80% of cases.

Applications for work permit renewal from within Canada are not eligible for faster processing under the GSS. If a temporary resident applies for renewal of his/her work permit from within the country and their permit expires before a decision is made, they benefit from "implied" status and may continue working under the same conditions as their work permit, pending a decision being taken on their application for renewal, as long as they remain in Canada.

*...but most work permits remain employer-specific*

As noted, temporary work permits in Canada can be either open or employer-specific. The TFW Program by design is employer-specific. It is built around a labour market test that requires employers – among other things – to demonstrate a labour shortage. If a temporary foreign worker wants to change jobs or employers, they must apply to change the conditions of their work permit, which in the cases of most TFW Program streams includes a new job offer letter, employment contract and a new LMIA.

The fact that foreign workers are bound to their employers appears to be motivated at least in part by relatively high costs of recruitment faced by the latter. At the same time, the employer-specific work permit limits bargaining power of the temporary foreign worker, making them dependent on the compliance of their employer. If an employer is found non-compliant and banned, an employee risks losing their permit.<sup>18</sup> This does not only seriously limit the incentives to report non-compliant employers but also potentially puts employees at risk of exploitation and abuse (Nakache and Kinoshita, 2010<sub>[2]</sub>; Caruso, 2018<sub>[6]</sub>). However, the degree to which this is actually the case is not known.

Other OECD countries have introduced provisions to limit the risks for temporary labour migrants in the case of non-compliant employers. In New Zealand, for instance, temporary foreign workers can continue to work for a non-compliant employer for as long as their visa remains valid but cannot renew their visa. In Korea, temporary workers (under the E-9 programme) are allowed three voluntary changes of employers over the course of their employment period (within the same sector and among authorised employers) but changes that became necessary due to circumstances beyond their control (such as, an annulment of the contract) do not count towards this number. An alternative, providing for more flexibility, would be to link temporary permits and the labour market test to occupations and/or certain provinces, rather than specific employers.

As employer-specific work permits limit mobility of the migrant worker concerned, Canada announced in May 2019 a new policy for vulnerable migrant workers who are at risk of abuse in the workplace. These temporary foreign workers can apply for a specific “open work permit for vulnerable workers” which is LMIA-exempt and entails the possibility to obtain authorisation to work for another employer.<sup>19</sup>

*Work permit extensions involve a repetition of the process, including the fee...*

An employer can apply for several temporary foreign worker positions using one LMIA application form but has to pay the CAD 1 000 fee for each worker.<sup>20</sup> The LMIA is valid for six months and within this period the temporary foreign worker has to apply for their work permit to IRCC. Renewals of work permits under the TFW Program involve a repetition of the LMIA-process, including the mandatory payment of the CAD 1 000 fee for each applied position for a temporary foreign worker. This fee is non-refundable in cases of a negative LMIA or a subsequent negative work permit decision. The fact that for both “high-” and “low-wage” positions, each renewal requires the same procedure as for the issuance of the initial permit, is rather unusual in international comparison.

*...and processing times for renewals are high, as are refusal rates*

While permits under the GTS benefit from accelerated treatment, processing times for permits under regular temporary high-skilled migration have increased. Processing times vary depending on the type of application submitted; they are updated weekly and also made publicly available. Processing times for initial high-

skilled work permits were, in 2018, about five times longer than those for permits under the low-skilled category. For renewals of permits, where applicants benefit from “implied” status, processing times were much longer, and there was no difference between higher- and lower-skilled in terms of duration (Table 3.4).

**Table 3.3. Processing times of TFW work permit applications, 2015-18**

Work permits requiring an LMIA by occupational skill level, duration in days

	2015	2016	2017	2018
<b>Work Permit</b>	<b>43</b>	<b>43</b>	<b>41</b>	<b>34</b>
Higher-Skilled	71	78	89	81
Lower-Skilled	38	37	31	17
NOC is not defined	71	81	82	87
<b>Work Permit – Renewals</b>	<b>114</b>	<b>111</b>	<b>110</b>	<b>108</b>
Higher-Skilled	119	111	109	106
Lower-Skilled	111	110	111	107
NOC is not defined	113	111	110	109

Note: Data excludes Agricultural and Live in Caregiver Program. Processing times refer to the number of days in which 80% of complete applications received were finalised by IRCC.

Source: IRCC (CICEDW/EDW), February 2019.

Refusals for labour market tested work visas are common. In 2018, one-third of all work permit applications under the TFW Program (excluding agriculture and Live-in Caregiver programmes) were refused (Table 3.4); rates were slightly higher for low- than high-skilled occupations. In particular, renewals of work permits were more often declined than approved. However, this is driven entirely by the fact that virtually all applications that did not state the intended occupation were refused, and this share was higher for renewals. It is not clear to what extent applicants are aware of this procedure as in all years considered here, 2015 to 2018, about a quarter of issued applications (excluding withdrawals) did not state the intended occupation.

**Table 3.4. Refusal rates of TFW work permit applications, 2015-18**

High- and low-skilled TFW Program work permits, initial permits and renewal

	2015	2016	2017	2018
<b>Work Permit</b>	<b>18%</b>	<b>20%</b>	<b>22%</b>	<b>23%</b>
Higher-Skilled	7%	7%	12%	11%
Lower-skilled	14%	17%	17%	15%
NOC is not defined	98%	97%	98%	96%
<b>Work Permit – Renewals</b>	<b>55%</b>	<b>58%</b>	<b>52%</b>	<b>56%</b>
Higher-Skilled	10%	11%	6%	7%
Lower-skilled	15%	14%	7%	7%
NOC is not defined	99%	99%	99%	99%
<b>Total</b>	<b>37%</b>	<b>36%</b>	<b>31%</b>	<b>33%</b>

Note: Data excluded Agricultural and Live in Caregiver Program. Refusal rates exclude applications withdrawn.

Source: IRCC (CICEDW/EDW) March 2019.



*Non-compliance rates under the TFW Program are low*

As part of the overhaul of the TFW Program in 2014, the number of inspections was increased, aiming to inspect one in four employers using temporary foreign workers annually. Inspections may occur after a positive LMIA has been issued and the foreign worker has received a work permit and begun working. Inspections may be conducted during a period of six years and throughout this period employers are required to hold records – instead of two years previously. Inspectors have the power to conduct site visits without a warrant, interview workers (contingent on their consent) and review all 21 requirements when inspecting, compared to a previous three.

Given the limited numbers involved, inspections are rather frequent – 2 214 in 2017-18. Overall, only about 1% of inspected employers under the TFW Program were found non-compliant since 2015. There has, however, been a strong decline in TFW Program inspections in the fiscal year 2018-19. Conversely, that year also saw a larger share of non-compliant employers (5%). While outright non-compliance is rare, many employers face difficulties in fully complying with TFW Program regulations. Over the last four years, only 55% of employers under the “high-” and “low-wage” stream were found compliant, whereas over 40% needed to take action to comply with the requirements (Table 3.5). Employer correction was also required for about 32% of the primary agriculture stream and for almost half of the inspected employers in the caregiving sector.

**Table 3.5. Completed TFW Program inspections, by fiscal year and outcome**

Fiscal Year	Satisfactory (no correction required)	Employer correction required	Non-compliant	No Decision Entered	Total
2015-16	748	392	0	38	1 180
2016-17	1 752	1 101	1	80	2 938
2017-18	1 057	1 086	32	45	2 214
2018-19 (19 March)	606	483	66	86	1 241
Total	4 163	3 062	99	249	7 573

Note: Data by fiscal year, and outcome April 1, 2015 to March 19, 2019. The data excludes the Live-in Caregiver Program and Primary Agriculture programmes.

Source: Employment and Social Development Canada (ESDC)’s Foreign Worker System (FWS) and/or the National Integrity Investigation System (NIIS) and/or the Integrity Case Management System (ICMS).

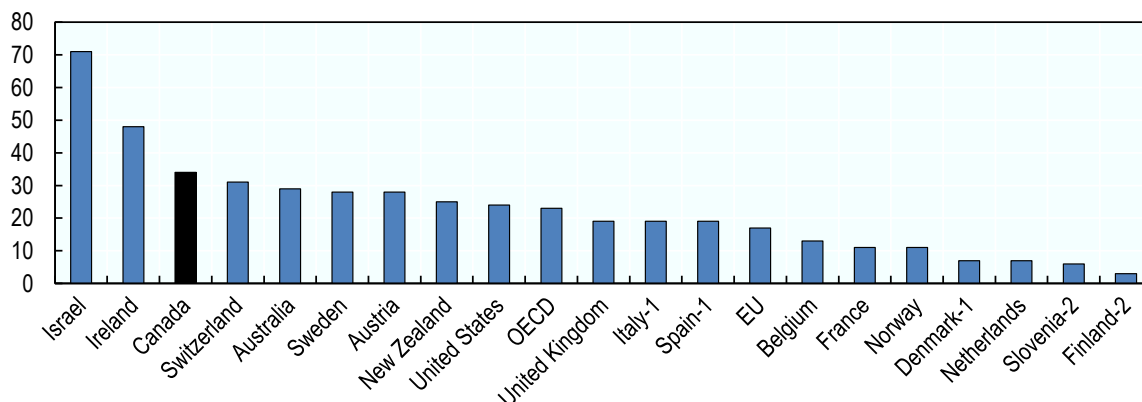
Possible sanctions for non-compliance include administrative monetary penalties and/or temporary bans from hiring temporary workers. Perhaps even more importantly, names and addresses of employers found non-compliant are made public on an internet list with details of the violation and its consequences. While this list of employers is not complete,<sup>21</sup> it allows applicants to check if their employer has received a positive LMIA in the past.<sup>22</sup>

*Exceptional arrangements for labour migration in the caregiving sector exist*

Canada has a long tradition of temporary migration in caregiving occupations and has established explicit links with its permanent migration stream for immigrant workers in this sector. As a result, about one in three long-time care workers in Canada is foreign-born, a larger share than in most OECD countries (Figure 3.7).

**Figure 3.7. Over a third of long-time care workers in Canada are foreign-born**

Percentage share of foreign-born among the LTC workforce in 2015 (or nearest year)



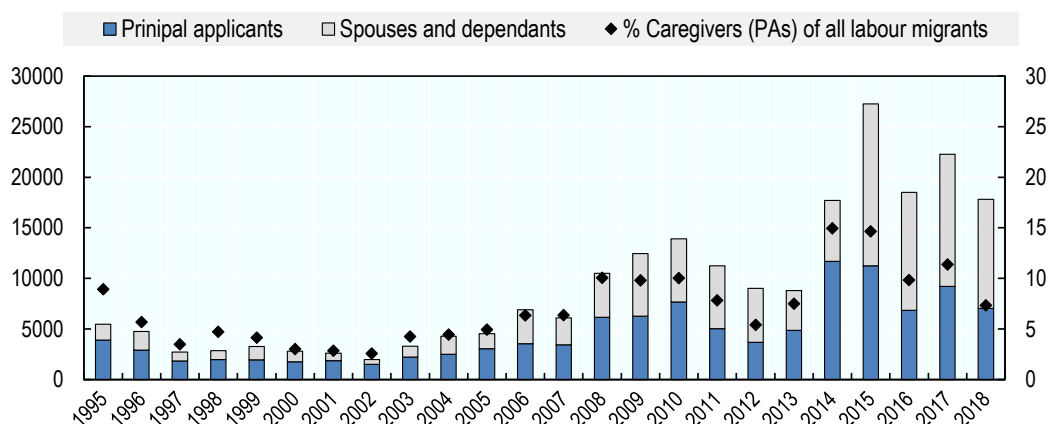
Note: OECD and EU are the unweighted averages of the 19 and 12 countries shown in the chart. EU-Labour Force survey data are based on ISCO 4 digit and NACE 2 digit. 1-Data are based on ISCO 3 digit and NACE 2 digit. 2-Data must be interpreted with caution, as sample sizes are small. Census 2016 for Canada.

Source: OECD (forthcoming<sup>[7]</sup>).

The Live-in Caregiver Program (LCP) established in 1992<sup>23</sup> was closed to new applications in 2014. For over two decades, it allowed temporary labour immigrants working in the caregiving sector to apply for permanent residency as economic class immigrants within three (and after 2010 four) years of arrival in Canada, once they had completed at least two years of full-time caregiving work. These employees usually lived and worked in private households caring for children, seniors or people with disabilities.

Participants in the LCP required only the equivalent of a Canadian high-school diploma and six months' full-time training or 12 months' paid work experience as a caregiver within the last five years prior to admission. LCs needed a positive LMIA from ESDC to ensure no Canadians or permanent residents were available to take the position. While initially, most LCPs transitioning to permanent residency were principal applicants, from the mid-2000s onwards, up to one in two permanent residents admitted under this immigration class were spouses and dependants (Figure 3.8).

**Figure 3.8. Admissions of permanent residents under the caregiver category, 1995-2018**



Note: 2016-18 data might include small numbers of individuals admitted under the new caregiver classes.  
Source: OECD Secretariat calculations based on data from IRCC.

### *The 2019 caregiver pilots address shortcomings of the previous programmes*

After the termination of the LCP in 2014, Canada introduced two new economic immigration pilots for caregivers as part of its permanent immigration programmes: the Caring for Children and the Caring for People with High Medical Needs classes. In June 2019, these pilot programmes were replaced by the Home Child Care Provider Pilot and Home Support Worker Pilot. While the 2014 pilots are now closed<sup>24</sup> and have been replaced by new pilot programmes with new rules and criteria, Canada's experience with these pilots is nevertheless insightful.

The 2014 pilots changed the way caregivers apply for, and transition to, permanent residence compared to the LCP. Under the LCP, caregiver applicants were assessed for select criteria (such as official language and education requirements) at the temporary stage, before they arrived in Canada. While temporary resident intake was not limited, transitions to permanent residence were. This created a large backlog of applicants who qualified but were unable to transition. In contrast, to qualify for the 2014 pilots, caregivers needed to have worked in Canada already for 24 months in an eligible occupation. The assessment of skills and selection was then done upon application for permanent residence. Hence, foreign national caregivers first entered Canada as any other temporary foreign worker coming under the TFW Program. Depending on the wage offered, they were part of either the "high-" or the "low-wage" stream and a positive LMIA was required to obtain their employer-specific work permit. Unlike the former LCP, but similar to other economic immigration programmes, they were not assessed for their ability to economically establish as permanent residents (e.g. official language, education) at the temporary stage. Interested temporary foreign worker caregivers could only apply for permanent residence after they obtained the relevant work experience and met all applicable permanent residence requirements. Compared with the former LCP, the live-in requirement was removed, and the programme criteria were modified to

more closely align with the approach of selecting economic immigrants on the basis of their ability to become economically established in Canada.

While the LCP only required high school education, the minimum education requirement had been raised to at least one-year Canadian post-secondary credential or equivalent under the 2014 caregiver pilots. In addition, applicants needed to prove language skills equivalent to CLB 5 for the Caring for Children and a varying minimum language level for a job under the Caring for People with High Medical Needs programme. The latter could be as high as CLB 7, depending on the specific requirements of the various occupations under the second programme. Since December 2017, families or individuals who hired a caregiver to care for persons who require assistance due to physical or mental condition, and to provide child care for individuals and families with an income below CAD 150 000 per year, have been exempted from paying the CAD 1 000 LMIA-fee. However, and in contrast to seasonal agricultural jobs, caregiving jobs still had to be advertised on Job Bank for four consecutive weeks. Employer-specific work permits were issued for two years to caregivers. Given that there has often been a time interval between arrival and taking up the job, this often implied a renewal to allow transitioning to permanent residence.

Both pilot programmes allowed for a capped number of permanent residence applications to be received by IRCC for processing annually (2 750 under each programme as for all immigration classes established through Ministerial Instructions). However, and in contrast to their predecessor, the 2014 caregiver pilots were under-subscribed. In 2017, Canada admitted only 1 875 economic immigrants as caregivers under the new programmes (principal applicants and their dependants), compared with combined cap of 5 500 principal applicants alone (IRCC, 2018<sup>[8]</sup>).

While a report by the Canadian Bar Association suggested that the reason for the low take-up were the enhanced education and language requirement (Caruso, 2018<sup>[6]</sup>), data on caregivers' education characteristics do not support this idea. In 2014, about 62% of principal applicants admitted as permanent residents under the LCP in that year (over 7 000 out of 11 320 for whom this data is available) had at least a Bachelor's degree. This stands in sharp contrast to the 1990s, where only about 5% of caregivers had such a degree (Kelly et al., 2011<sup>[9]</sup>). However, already in 2007 the share of caregivers holding a Bachelor's degree and above had risen to above 60%, suggesting that the trend towards higher qualification of caregivers started prior to the introduction of the pilot programmes. It is nevertheless unclear to what extent the language requirements might have prevented caregivers to qualify for the two pilot streams.

A second reason for under-subscription outlined in the report might be alternative pathways for caregivers. They may qualify for the PT-programmes as well as for the federal high-skilled programmes under Express Entry (Caruso, 2018<sup>[6]</sup>). For example, higher-skilled caregivers (NOC 3012 and 3233) can also qualify for the CEC, and several provinces have specific programmes to attract individuals in caregiving occupations. Such alternative channels have the advantage for the

migrant that they are permanent from the start, and thereby allow not only for full occupational mobility after admission but also for migrating as a family. Between 2016-18, about 2 700 higher-skilled caregivers (registered nurses, licenced practical nurses and nurse aides, orderlies and attendants) became permanent residents through the PNP and the programmes managed under Express Entry, compared with only about 170 under the 2014 caregiver pilots. That notwithstanding, both pathways – CEC and PT-programmes – are not new, and can thus hardly explain the low take-up of the 2014 programme.

A more likely reason, however, is the uncertainty regarding transitioning from temporary to permanent residence. Indeed, this is one of the changes in the new 2019 pilot programmes – the Home Child Care Provider Class and Home Support Worker Class. Applicants will be assessed for permanent residence criteria *before* they begin working in Canada, providing a clearer and more assured pathway to permanent residence. Once caregivers have their work permit and two years of eligible work experience, they will have access to a direct pathway to permanent residence. As a response to the alternative – and more attractive – pathways for higher-skilled occupations in the caregiving sector, the 2019 caregiver pilots only target in-home caregiving occupations at a lower-skill level (NOC 4411 and 4412, excluding housekeepers). The educational requirement of one-year of Canadian post-secondary education (or the foreign equivalent) introduced in the 2014 pilots is maintained, and the language requirement has been set at CLB 5 for both occupations. The 24 months of full time work experience must be acquired within a 36 months period.

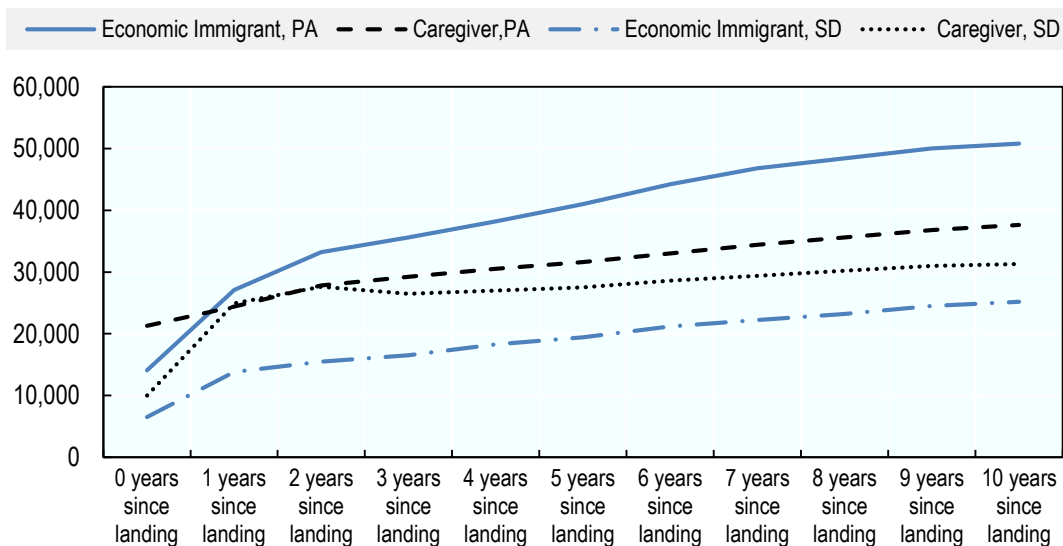
The new pilots also include further changes. Most importantly, the work permit caregivers receive is an occupation-restricted open work permit, which lets them work as a caregiver for almost any employer throughout Canada (excluding Quebec). It provides caregivers with the possibility to change jobs quickly. In addition, under the new programmes, caregivers can apply for open work permits for spouses/common-law partners and for study permits for dependent children. This allows the caregiver’s family to accompany them to Canada from the start. Finally, employers will no longer need an LMIA before hiring a caregiver, facilitating their recruitment.

*Skill-selective access to permanent residence in caregiver categories would increase the programmes flexibility*

Overall labour market outcomes of labour immigrants under the caregiving programmes and those of their spouses and dependants are favourable. Data from the IMDB – notably based on previous cohorts, admitted under the LCP – suggests that 95% of principal LCP-applicants report earnings in the first year of landing and over 90% throughout the ten years after. What is more, following the year of landing, over 95% of LCP’s spouses and dependants are working, in contrast to only about 60% among the spouses of federal skilled workers. While the income of caregivers remains below the levels of most other (permanent) labour migrants the income gap to their spouses and dependants is much smaller than for any other group of economic immigrants. What is more, the earnings of spouses and

dependents of caregivers are well above the earnings of spouses and dependants accompanying other labour migrants (Figure 3.9).

**Figure 3.9. Median earnings by years since landing, Live-in Caregivers and economic labour migrants and their spouses and dependants, landing cohort of 2006**



Source: IMDB, 2016.

In this context, the gendered nature of the caregiving sector is revealing. Over 90% of caregivers are women<sup>25</sup>, compared to other permanent economic immigration programmes where the majority of principal applicants are men. Under all admission classes, male spouses and dependants who report earnings have higher median earnings than female spouses and dependants. Still, male spouses and dependants of caregivers have median earnings exceeding those of male spouses and dependants of federal skilled workers/federal skilled trades. However, the opposite holds for female spouses and dependants of caregivers.

One challenge of the caregiver programme is the fact that many caregivers leave the occupation once they become permanent residents (Banerjee, Kelly and Tungohan, 2017<sub>[10]</sub>). At the same time, and partly a result of this, caregiving occupations continue to be in high demand across Canada. In March 2019, the national job online platform for job search and matching Job Bank listed over 2 800 vacancies for the term “caregiver”.

One option to remain the quality of selection but increase its flexibility would be by introducing a points system balancing educational and language skills with duration of work experience in the caregiving sector in Canada. Thereby, caregivers with somewhat lower skills would be required to remain longer in their profession to earn permanent residence.

*A new pilot in the agri-food sector will test an industry-specific approach to address structural low-skilled labour needs*

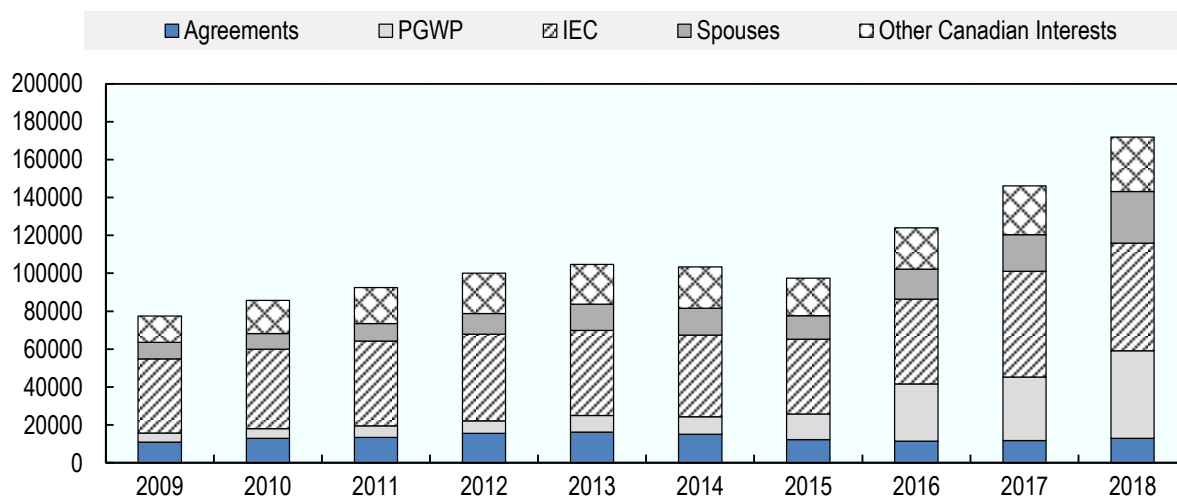
In July 2019, Canada announced a new 3-year economic immigration pilot, the Agri-Food Immigration Pilot, which aims to fill structural labour shortages particularly in meat processing and mushroom production. The programme aims to attract and retain workers experienced in these occupations by providing them with permanent residence.

Temporary foreign workers who meet the criteria will be able to apply under the new pilot starting in 2020. Applicants require 12 months of full-time, non-seasonal Canadian work experience in the TFW Program, in an eligible occupation in processing meat products, raising livestock, or growing mushrooms or greenhouse crops. In addition, they require at least a Canadian Language Benchmark level 4 in English or French and an education equivalency of Canadian high school level or greater. Finally, applicants need an indeterminate job offer for full-time non-seasonal work in eligible occupations in Canada, outside of Quebec, at or above the prevailing wage.

***International Mobility Program (IMP)***

*High growth, driven by a few admission categories*

**Figure 3.10. IMP work permit holders by initial sign year and programme, 2007-18**



Note: The number of permit holders by initial sign year differs from often published data on the number of permit holders by sign year as the latter includes both initial permits and renewals. Post-graduation work permit holders (PGWP) are sometimes disregarded in initial permit statistics as they in most cases had a previous (study) permit. For the purpose of comparing their “inflow” and as study permit holders are not included in this graph for previously outlined reasons, initial PGWP are included here.

PGWP, Working Holiday programme participants – one group (with the largest volume) of International Experience Canada work permit holders (IEC) and spouses are able to apply for an open work permit.

This figure does not include work permit holders for other reasons such as permanent residence application, humanitarian reasons and the category other.

Source: OECD Secretariat calculations based on data from IRCC.

The IMP, as the second umbrella programme for temporary work purposes, aims to advance Canada's broad economic, social and cultural national interests. Hence, individuals under the IMP do not need to pass a labour market test and are allowed to work either based on agreements or because their presence and ability to work is otherwise deemed to present a specific Canadian interest.

Initial work permits issued to individuals per year under the IMP more than doubled over the last decade (Figure 3.10). The growth has been largely driven by few groups of temporary workers. This includes in particular three groups, post-graduation work permits (PGWP) holders, individuals with permits under the International Experience Canada (IEC) programmes, and permits for spouses of skilled workers and international students.<sup>26</sup> The number of work permits under the category Agreements increased until 2013 and since then declined to its level from about a decade ago. This category includes intra-company transferees and professionals benefitting from provisions under international agreements such as free trade agreements between Canada and other countries (NAFTA, CETA, and going forward also CPTPP).

Since 2015, employers hiring through the IMP have to submit information to IRCC relating to their offers of employment via an online platform called Employer Portal and to pay an employer compliance fee of CAD 230 per work permit. In addition, the foreign worker has to pay a CAD 155 work permit fee. In the case of open work permits under the IMP, for example the working holiday programme of the IEC, which are not tied to a specific employer, an earmarked CAN 100 open work permit holder fee is collected from the applicant to fund the collection of employment information related to such permits.

### *Youth participating in temporary working programmes*

Like many OECD countries, Canada runs federal programmes for foreign national young adults to work and travel temporarily in the country. The International Experience Canada (IEC) programme admits foreign nationals of selected countries on the basis of bilateral agreements, – for up to 24 months<sup>27</sup>. To be eligible, applicants need to be aged between 18 and 35, while for few countries and programmes the age limit is 30 years<sup>28</sup>. In most cases renewals are not possible for the same programme; however, applicants can apply for a new permit under a different programme within the IEC. The IEC stream combines three main programmes, and Canada sets annual quotas per country and category (IRCC, 2019<sub>[11]</sub>).

Individuals under the Working Holiday programme, the large majority (86%) of permits issued under the IEC, usually intend to travel in Canada and take-up temporary paid employment to help pay for their trip and living expenses. They need to pay a participation fee of CAD 150 and an open work permit holder fee of CAD 100. Participants of this programme receive an open work permit. This allows them to work in most jobs in Canada, change employers whenever they want or need to, and travel freely throughout the country. Evidence from New Zealand suggests that participants in this scheme from lower-income countries work more

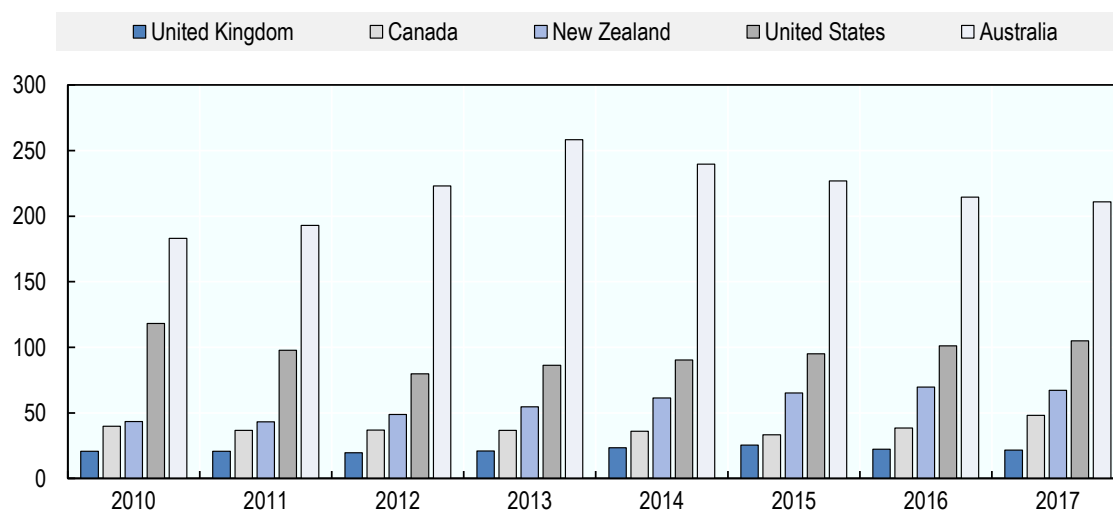


hours than those from high-income OECD countries. This raises the question whether the primary intention of the former may be employment rather than travel (OECD, 2014<sup>[12]</sup>). For Canada the number of hours participants of working holiday programme worked are not available. However, tax reported median earnings in 2015 of IEC open work permit holders (a close proxy for participants of the working holiday programme) suggest that youth of Australia and Ireland reported the highest earnings in Canada and those from Germany the lowest. In contrast, youth from Chile report an income that is close to the average of all countries.

The second category within IEC is the International Co-Op programme, which enables foreign youth enrolled at a post-secondary institution to gain work experience in Canada related to their field of study, usually in the form of an internship. The third category is the Young Professionals programme, under which youth are able to gain professional work experience after completion of their studies. Under both programmes, applicants need to have a valid job offer in Canada to be eligible to apply and need to prove a direct link to their field of study. If issued, their work permits are employer-specific. The participation fee in each of the programme is CAD 150 and in addition, employers need to pay the CAD 230 Employer Compliance fee online via the Employer Portal.

Initial permits to participants of the working holiday programme increased slightly over the past decade, but overall numbers are lower than in comparable OECD countries (Figure 3.11). These programmes are reciprocal but participation of Canadian youth abroad under such programmes has been low (IRCC, 2018<sup>[8]</sup>). This reflects experiences in other major working holiday recipient OECD countries.

**Figure 3.11. Initial permits to working holiday makers in selected OECD countries, 2010-17**



Source: *OECD International Migration Database* (<https://stats.oecd.org/Index.aspx?DataSetCode=MIG>)

Australia runs the largest working holiday programme in the OECD in absolute terms while relative to the population, the largest is that of New Zealand. Both are very similar to the Canadian one but a key distinction is that in both countries, the

programmes are a key feeder for transition to permanent residency. This is less the case in Canada where administrative data indicates that 7% of IEC foreign youth who came to Canada under the IEC Programme (combining the outlined three sub-programmes of which the working holiday is one) between 2013-17 have since then permanently immigrated to Canada (IRCC, 2019<sup>[11]</sup>). A further distinction is that in contrast to the Canadian set-up, the Australian programme includes an extension possibility which in some circumstances allows for a third year for young workers who commit to stay in regional areas during their second year.

*Non-compliance rates under the IMP are low*

**Table 3.6. Completed IMP inspections by fiscal year and outcome**

Fiscal Year	Compliant	Compliant with Justification*	Non-compliant	Total
2015-16	116	4	1	121
2016-17	461	81	10	552
2017-18	2 929	453	42	3 424
2018-19 (31 Dec. 2018)	2 759	345	28	3 132
Total	6 265	883	81	7 229

Note: Data by fiscal year, and outcome April 1, 2015 to December 31, 2018. \*Compliant with Justification: Employers who have provided justification, and compensation when required, in accordance with the Regulations to justify their non-compliance.

Source: Data compiled from ECIU Master Tracker provided from ESDC.

Programme inspections aim to protect temporary foreign workers and ensure that employers use the IMP properly. On behalf of IRCC, Service Canada inspects employers against the conditions listed on the work permit of their employees and the details of the offer of employment that employers previously submitted to Service Canada. This entails that employers meet all applicable employment and recruiting laws, as well as co-operate with Service Canada by showing up for inspections and providing all required documentation. Employers must keep any documents they have about the employment of their temporary worker for six years from the date Service Canada issued their work permit.

Overall compliance with the IMP is high, and only 1% of all inspected employers were found non-compliant. An additional 12% needed to provide justification and/or compensation since the start of the fiscal year 2015 (Table 3.6).

Penalties for non-compliance depend on the severity of the non-compliance and are decided by a points system. This looks, among other aspects, at the number of violations, the compliance history, the number of workers negatively affected by the violation, and for monetary penalties also at the size of the business. Possible sanctions for non-compliance include warning letters, monetary penalties from CAD 500 to CAD 100 000 per violation up to a maximum of CAD 1 million over one year. It can also include a ban from hiring temporary workers through the programme for one or several years and for serious violations a permanent ban from

hiring. In addition pending work permit applications tied to the business might be refused and active work permits revoked.

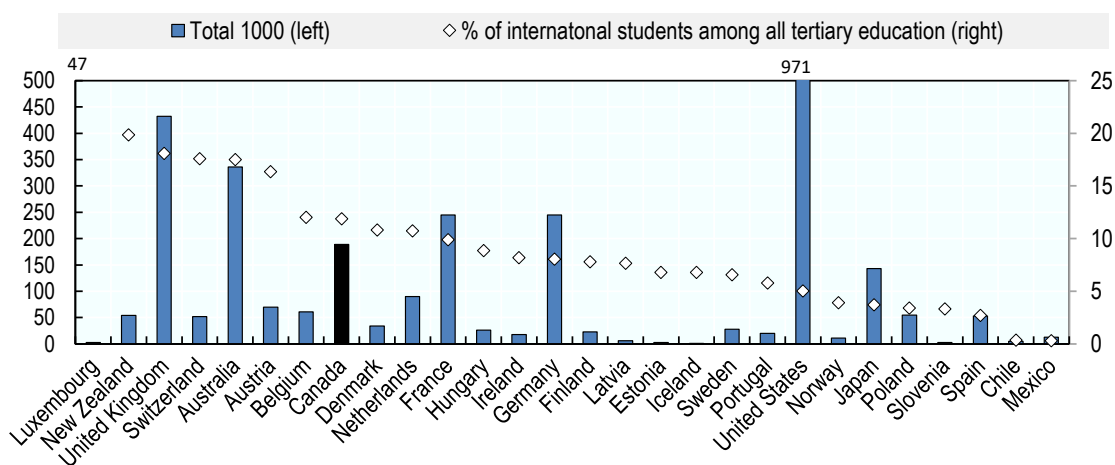
As for the TFW Program (see above) the names and addresses of employers found non-compliant under the IMP regulations are made public on an online list. This list states the reason for their non-compliance, the amount of monetary penalty – if applicable – and if they remain eligible for hiring temporary foreign workers under the programme in the future.

### *International Students*

#### *Strong increase in international students in parallel with expanded working possibilities*

The number of international students enrolled in Canada is not particularly high in international comparison (Figure 3.12). However, among the major recipient countries of international tertiary students,<sup>29</sup> Canada experienced the largest growth in recent years. The numbers doubled between 2008-16, whereas for the OECD as a whole the increase was about 70%. In 2016, Canada hosted more than one in 20 international tertiary students in the OECD and around one in eight tertiary students in Canada was an international student.

**Figure 3.12. International tertiary students enrolled in OECD countries, 2016**



Source: *OECD Education at a Glance* (2018<sub>[13]</sub>).

While international students do not necessarily constitute labour migrants per se, many countries offer them work permits to help them defray the costs of their education and to get a first foothold into the labour market. Countries are also increasingly providing facilitated pathways to residence, motivated by the fact that international graduates with host-country qualifications are essentially pre-integrated. Canada is no exception in this regard and provides possibilities for international students to work during and after their studies (via a post-graduation work permit) and a pathway to transition to permanent residence (Box 3.2).

Since 2014, international student visa holders in Canada have opportunities to work on campus and work off campus without an additional work permit. There are no restrictions in terms of hours related to on campus work, and international students may work off campus up to 20 hours a week during term times and full time on regularly scheduled breaks. In 2015, over 25% of international students reported earnings through on and/or off campus employment, up from 12% in 2004. International students may also access Co-Op or internship opportunities while studying provided that the work component is part of the academic programme (see above). In recent years, the number of Co-Op work permits issued for such purposes has increased.

Canadian data suggest that this strong increase of international students is still ongoing. The number of initial study permits issued in 2018 – excluding those for attendance in primary and secondary schools –, was around 185 000<sup>30</sup>, an over 50% increase from 2016.

Most international students in Canada are citizens from either India or China. While from the late 1990s until 2016 over half of all international students came from China, numbers of Indian students have doubled since and in 2018, Canada issued one in three new study permits to Indians (Table 3.7). Numbers of international study permit holders who are citizens of Vietnam, Iran and Bangladesh also increased strongly over the past three years.

**Table 3.7. International students by citizenship and sign year, 2015-18**

	2015	2016	2017	2018
India	31 965	52 705	83 220	107 650
China, People's Republic of	65 900	76 975	82 905	85 735
Korea, Republic of	14 740	15 940	16 720	16 960
France	11 860	11 840	13 255	13 555
Vietnam	2 830	5 325	9 915	12 470
Other citizenship	91 880	101 890	109 975	121 215
<b>Total unique persons</b>	<b>219 175</b>	<b>264 675</b>	<b>315 990</b>	<b>357 585</b>

Note: These data include initial permits and renewals.

Source: IRCC 2018.

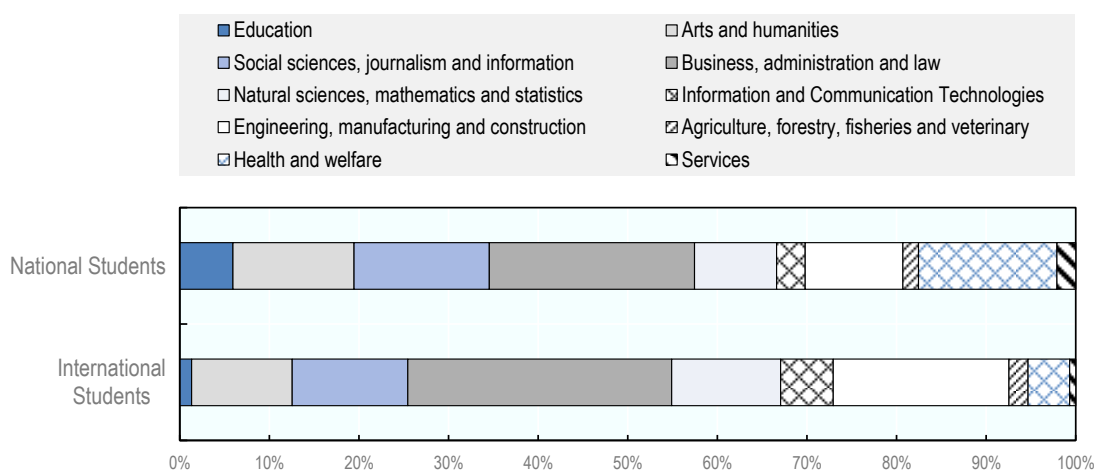
In this respect, it is important to note that Canada runs an expedited study permit processing programme available to legal residents of India, China, the Philippines and Vietnam who are living in one of these four countries and want to study in Canada at a post-secondary designated learning institution. As part of this Student Direct Stream (SDS) applicants need to meet specific requirements by providing upfront documentation and enjoy accelerated processing (see below).

International students mostly intend to live in Ontario (49%) and the larger cities in other parts of the country. At the end of 2017, 27% of international study permit holders concentrated in Toronto, and another 18% in Vancouver. 92% of international students whose permit was issued in the last four years intended to stay in a central metropolitan area – an area with a total population of at least

100 000 – a share almost identical than among the 2011-16 cohorts of labour immigrants (91%).

Almost one in three international students are in a subject in the field of business, administration and law, which is also the most popular field of study among national students, though at a lower share (23%). In comparison to the Canadian population however, international students are much more likely to study subjects in the fields of engineering, manufacturing and construction (20% against 11%) as well as subjects in the field of information and communication technologies (6% against 3%). In contrast, international students are less likely than Canadians to study education, health or welfare (Figure 3.13).

**Figure 3.13. Field of study of international and national tertiary level students, 2016**



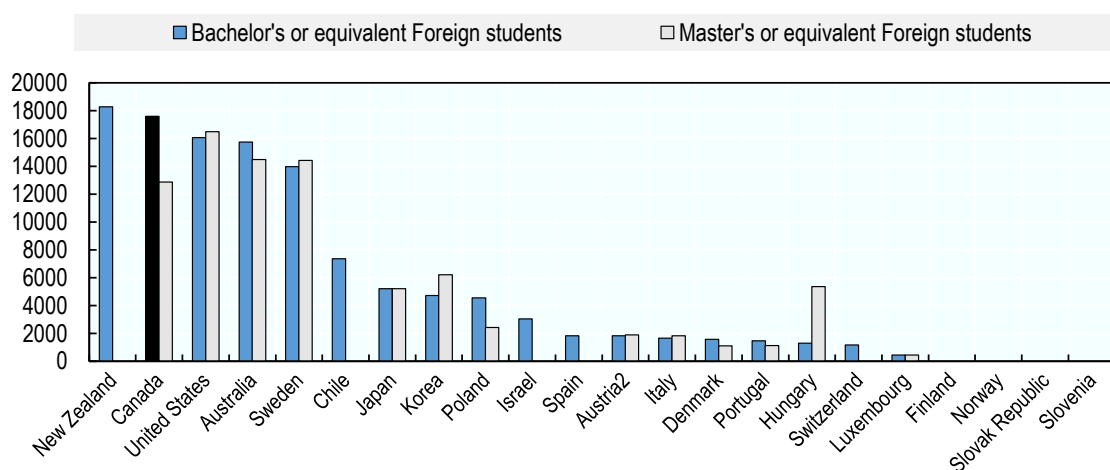
Source: *OECD Education Database*  
[https://stats.oecd.org/Index.aspx?DataSetCode=EAG\\_ENRL\\_MOBILES\\_FIELDS](https://stats.oecd.org/Index.aspx?DataSetCode=EAG_ENRL_MOBILES_FIELDS).

### *Possibility to work is a key driver for deciding to study in Canada*

According to a 2018 survey of the Canadian Bureau for International Education, 62% of international post-secondary students stated that they chose Canada because of the possibility to work during their studies. However, among these students, less than half (43%) were actually employed at the time of the survey. What is more, the main source of income was on-campus work. Among those who did not yet find employment, a key challenge was limited work experience (52%), not finding an appropriate employment (37%) and limited time resources (33%). 13% of international students indicated that Canadian employers did not understand that they are legally allowed to work in Canada based on their study permit. While employment possibilities were key for post-secondary students, among all students the top three reasons to study in Canada were the reputation of the educational system, the reputation as a tolerant and non-discriminatory society, and Canada being a safe destination. Almost three in ten international students in Canada had also applied to other countries before deciding to study in Canada. Among those, 54% applied to the United States, 22% to the United Kingdom, 15% to Australia and 13% and 10% to France and Germany, respectively (CBIE, 2018<sub>[14]</sub>).

In terms of attractiveness for university students more generally, a recent study ranks Canada eighth among 35 OECD countries, surpassed by the United States and Australia as well as a number of European countries (Switzerland, Germany, Norway, Finland and France). While this still places Canada in the top quarter of countries, this is a lower position than for temporary labour migrants with master's degrees or higher, discussed below (Tuccio, 2019<sup>[15]</sup>). One of the reasons for Canada's lower ranking are the country's relatively high study fees for international students which are above the rates for domestic students (Figure 3.14). Those costs add to the high living expenses in the country especially for housing.

**Figure 3.14. Annual average tuition fees charged by public tertiary educational institutions to foreign students in USD, 2015/16**



Note: For New Zealand, estimates include universities only and exclude second programmes at ISCED 6, such as postgraduate certificates and diplomas. Year of reference for Korea 2016; United States 2011/12; Australia, Austria, Switzerland 2014/15; Israel 2013/14. Tuition fees for foreign students in Denmark and Sweden refer to students from outside the European Economic Area or the European Union.

Source: OECD (2018<sup>[13]</sup>).

### *Approval rates have slightly declined but vary by province and programme as do processing times*

Study permit approval rates vary greatly by the level of study and province/territory of destination. Overall approval rates for study permits for all school types have gradually declined over the past five years from 72% in 2014, to 66% in 2018. While between 2014-18, over 70% of all study permit applications in British Columbia were approved, the approval rate was much lower in the Atlantic Provinces. Furthermore, Saskatchewan saw the steepest decline in its approval rate over the past five years from 67% in 2014 to just 44% in 2018.

**Table 3.8. Study permit approval rate in % by province, 2014-18**

	2014	2015	2016	2017	2018
Alberta	65	64	63	63	65
British Columbia	80	79	80	73	73
Manitoba	68	67	58	56	62
New Brunswick	58	55	49	46	48
Newfoundland	64	63	60	61	61
Nova Scotia	77	73	66	65	67
Ontario	69	69	69	67	68
Prince Edward Island	59	63	48	50	56
Quebec	73	71	66	64	58
Saskatchewan	67	64	53	49	44
<b>Total</b>	<b>72</b>	<b>71</b>	<b>69</b>	<b>67</b>	<b>66</b>

Note: Shares include initial permits issued to all study programmes.  
Source: IRCC (CICEDW/EDW) as of April 10, 2019.

Approval rates also varied by study programme. While most permit applications for doctorate programmes were approved – approval rates of over 80% in most provinces and years – rates were much lower in particular for study permit applications to college programmes and

Processing times for study permits vary by place of residence. Information by country and permit are publicly available online and regularly updated. The service standard for SDS processing is 20 calendar days.<sup>31</sup> Processing starts after receipt of a complete application and biometrics.

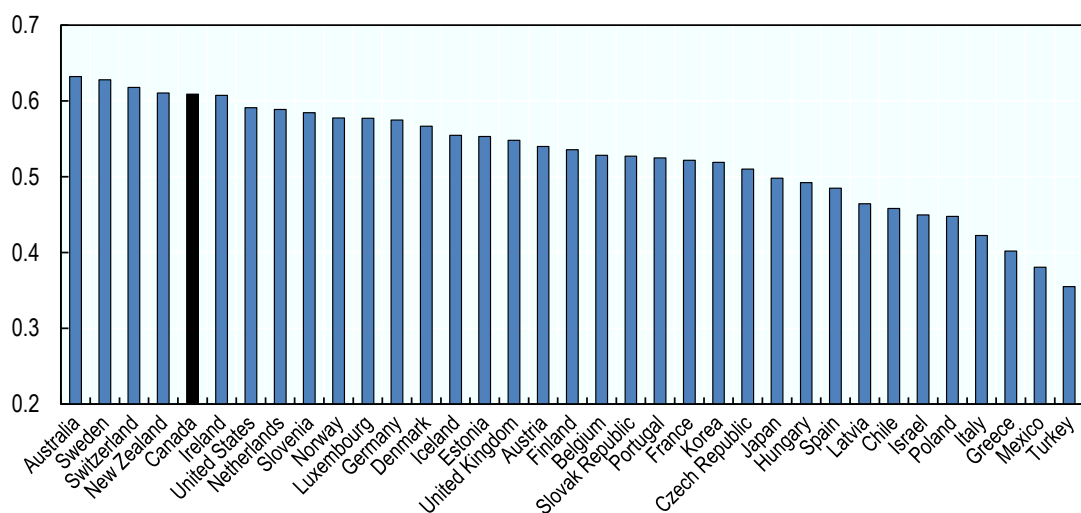
## Common issues for the management of temporary labour migration

### *Attracting Talent*

*Canada is an attractive destination for highly educated workers from abroad*

For the high-skilled sought-after talent the job market is increasingly global and Canada is an attractive destination for labour migrants from around the world. A recent OECD study on indicators of talent attractiveness places Canada in fifth position – after Australia, Sweden, Switzerland and New Zealand – among OECD countries for its overall attractiveness to workers with masters/doctoral degrees (Figure 3.15). This index considers a prospective migrant with a valid and skill-adequate job offer from the destination country. In the case of Canada, the index assesses the attractiveness of the “high-wage” stream under the TFW Program.

**Figure 3.15. Attracting Talent indicators for workers with master/doctoral degree, 2019**



Source: Tuccio (2019<sup>[15]</sup>).

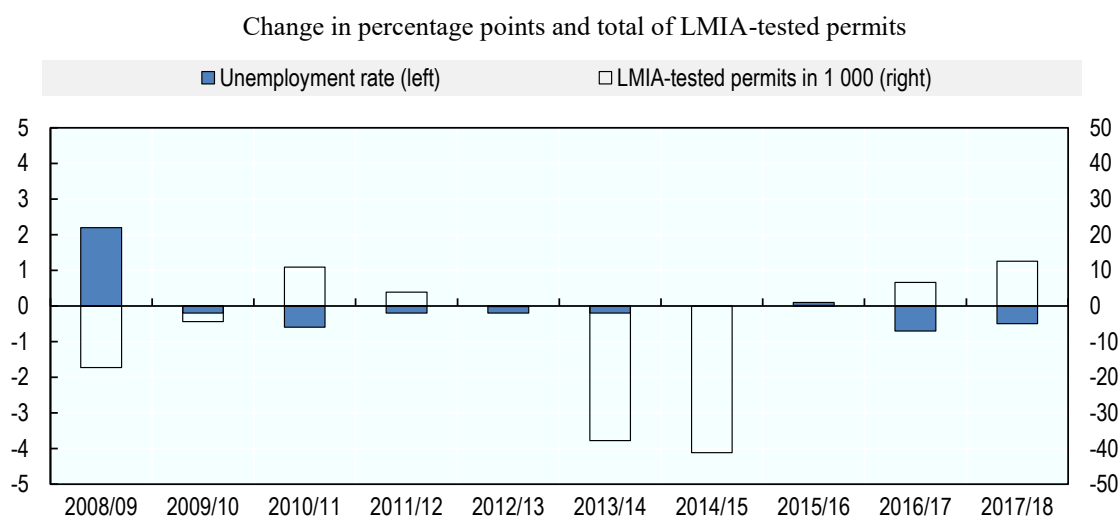
In addition to considering the countries migration policies, the ranking takes into account employment and earning opportunities as well as non-pecuniary factors (such as possibility for family migration) and amenities. With regard to seven broad factors considered as key influences on migrants' decision-making where to move to, Canada ranks within the top quarter when considering migrants' future prospects, inclusiveness and the quality of life. It also ranks high for the quality of opportunities, migrants' income, and its skills environment. The only factor where Canada takes a position below average is "family environment".<sup>32</sup>



## Labour Market Impact

*Changes in labour market tested permits correlate with regional unemployment*

**Figure 3.16. Change in unemployment rate and labour market tested work permit levels 2009-18**



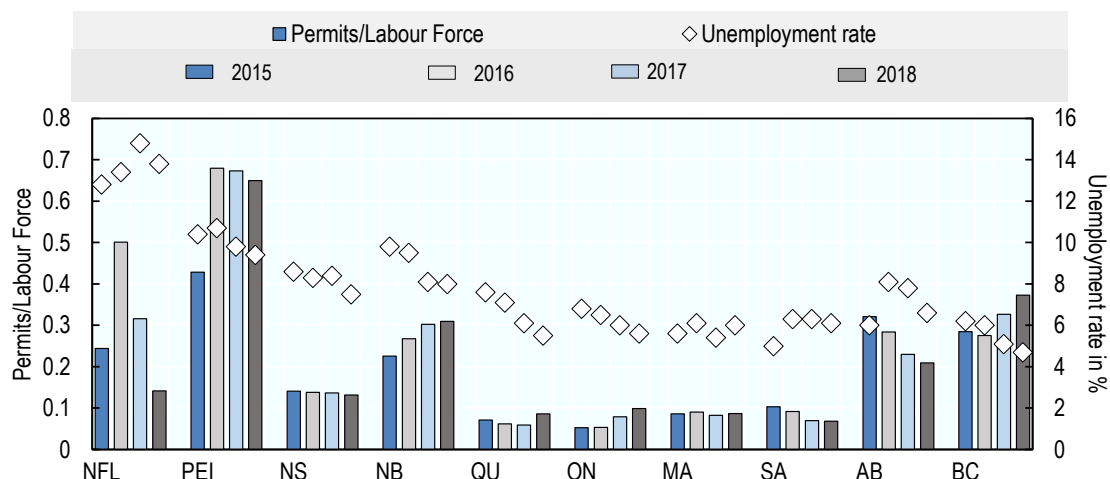
Note: Data excludes permits to Agricultural workers and Live-In Caregivers.

Source: OECD Secretariat calculations based on data from IRCC and Statistics Canada.

One would expect the numbers of labour market-tested temporary work permits to change with labour market needs. Not considering the years 2014/2015, which were outliers due to the programme tightening, one indeed observes that periods of growing unemployment tended to be associated with lower intakes, and vice versa (Figure 3.16).

Across Canada, the number of labour market-tested temporary foreign worker permits issued outside of agricultural and live-in Caregiver programmes corresponds to just 0.14% of the labour force on average between 2015-18. This share varies from 0.6% in Prince Edward Island to 0.07% in Ontario. In the four years since the overhaul of the programme, the share increased in New Brunswick, Quebec, Ontario and British Columbia, and declined in Saskatchewan and Alberta (Figure 3.17).<sup>33</sup>

**Figure 3.17. Labour market tested work permit holders as share of labour force (LF) and unemployment rates, by region 2015-18**



Note: Data excludes Live-in Caregiver Program and Agricultural Streams. In total for about 15% of work permits issued under the TFW Program the intended province/territory was not stated.  
Source: OECD Secretariat calculations based on data from IRCC.

The evolution in regional unemployment rates in recent years shows a negative correlation between unemployment and the number in labour market tested temporary worker permits relative to the labour force in the following year. In other words, unemployment in a region correlates with a decline in TFW Program permits issued the following year. The correlation at the regional level is not necessarily stronger than that observed at the national level and the conclusions that can be drawn from this correlation are limited. The overall share of LMIA-tested permits outside of agriculture and foreign caregivers is small in relation to the labour force, and also in relation to the non-labour market tested permits under the IMP. The relatively recent introduction of the changes and missing data on the location of a subset of these permits provides additional limitations. Finally, the occupations temporary workers are targeted for might constitute a specific sub-set of occupations by region and thus relate differently to overall provincial unemployment rates.

#### *Missing information on IMP work permit holders hampers assessment of their labour market impact*

Analysis of the labour market impact is even more difficult with respect to the IMP, which accounts for the majority of temporary workers. Key to assessing the labour market impact of temporary workers is information on their occupational profiles. However, intended occupation is only registered for occupation- and/or employer-specific permits and largely missing on open work permits where providing such information became optional in 2012. Hence in 2018, only about 31% of work permits issued to temporary migrants admitted under the IMP contained information on the intended province and occupation. For close to a quarter of IMP permits, the intended province/territory was not stated, up from only 10% of permits

where this was the case in 2015. As noted, there has been a large increase in recent years in the number of work permits issued under the IMP and between 2015-18, this increase was largely driven by permits where very little information is collected (+66%), while the increase in permits with stated intended occupation was more moderate (+12%). Among these where data was available for 2018, 93% were classified as higher skilled – usually requiring at least two years of post-secondary education.

For open work permit holders<sup>34</sup>, Canada is able to capture data on the province and industry of employment only after several years via linking tax filing data with other databases in the recently introduced Canadian Employer-Employee Dynamic Database (CEEDD). For a large share of open work permit holders of 2015 – the latest year available – the province/territory (40%) and/or industry (42%) is not stated. These are individuals who did not use their work permit to find employment or who tried but did not find employment.

Among those open work permit holders for whom information is available, more than four in five work in Ontario (37%), Alberta (20%) or British Columbia (23%). Among those where the industry of employment is stated, more than half work in a lower-skilled jobs – based on the NOC classification – such as in retail trades and administrative and support services. The largest number of work permit holders (22% among those where information is available) worked in accommodation and food services (NOC 72).

With the limited information on the regional and occupational intentions of these temporary migrants, assessing their labour market impact is challenging and, given the importance of this group and their likely concentration in certain areas and occupations, calls for a closer monitoring in the future. A first step in this direction has been taken with the Canadian 2019 Budget, which commits money for the ongoing collection of labour market information related to open work permits.

#### *Labour market impact of international students is hard to monitor*

As international students can work without an additional permit their impact on the labour market is difficult to monitor. Upon graduation they can apply for a post-graduation work permit which is an open work permit. This entails the above discussed limitations on monitoring the timely labour market impact of international graduates despite the strong increase of international students in recent years.

Estimates suggest that in 2016, international students contributed over CAD 5.5 billion to the Canadian economy (IRCC, 2018<sub>[8]</sub>). This is about 0.7% of GDP in 2016, or the equivalent of 14.5% of the country's service exports (Roslyn Kunin and Associates, 2017<sub>[16]</sub>). While sizeable, this is somewhat lower than the estimates for New Zealand, about 2% of GDP (Infometrics, 2016<sub>[17]</sub>), and Australia about 1% of GDP (Australian Government, 2015<sub>[18]</sub>).

### *Intended occupations by region overlap among labour market tested and non-tested streams*

Across Canada, about 51% of TFW Program permit holders predominantly work in agriculture, and a further 11% in the caregiving sector.<sup>35</sup> The remaining share is dispersed across a broad range of other occupations, predominantly lower-skilled.

For IMP work permits, the picture is less clear-cut, as the information on intended occupation is not available for more than two-thirds of all permits – notably in the case of open work permits. Among the remainder, more than 90% are higher-skilled. In other words, the limited information at the federal level suggests that the two programmes target rather different occupational profiles.

As mentioned, information on the province is missing in many cases. For the permits with available information, it seems – in contrast to the observation at the federal level – that both programmes are sometimes used for catering similar occupational needs within provinces. For example, over the 2015-18 period, 2890 permits under the IMP and 3095 permits under the TFW Program were issued to individuals intending to work in British Columbia as a graphic designer and illustrator (NOC 5241). Similarly, 190 permits under the TFW Program and 195 under the IMP were issued to individuals intending to work as cooks in Nova Scotia. Likewise, 185 permits were issued to transport truck drivers in Manitoba under the TFW Program and 635 for the same intended occupation and province under the IMP.

### ***Transition***

#### *Onshore transition has increased substantially in Canada*

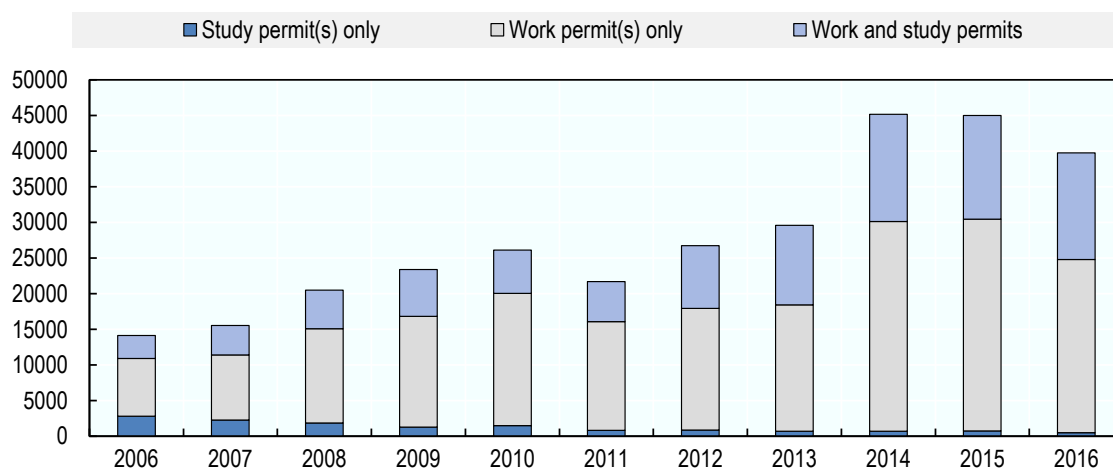
Historically, Canada – like the other settlement countries (Australia, New Zealand and the United States) – have drawn a firm distinction between temporary and permanent migrants, with most immigrants arriving in the past receiving permanent residence on arrival and rather few migrants transitioning onshore from temporary to permanent status. By contrast, in European OECD countries as well as in Japan and Korea, migrants receive the right to permanent residence typically after completing a number of years in the country on temporary visas, with transition being in many cases the standard and expected procedure.

In Canada, transition has become gradually wider-spread since the early 1980s. The Foreign Domestic Movement Program (the predecessor of the Live-in Caregiver Program) in 1981 established, for the first time, a built-in pathway to permanent residence for temporary workers. Onshore transition accelerated during the second half of the 1990s, when the start of the PNP allowed provinces and territories to nominate candidates for permanent residency in their province. Many of these had previous local work experience or education and indeed, within the PNP, transitions account for a much larger share than among the FSW (74% of all PNP admissions in 2016 compared with 41% in the FSW). Furthermore, the introduction of the Canadian Experience Class (CEC) in 2008 provided a general pathway to permanent residence for migrants with at least one year of skilled work experience.

From 1990 to 2006, only around 23% of all migrants landing as permanent economic immigrants had prior Canadian experience (Hou and Bonikowska, 2016<sub>[19]</sub>). These figures have increased since and in 2017, almost 60% of principal applicants in the economic category admitted that year had a previous permit under the TFW Program or the IMP.<sup>36</sup> Linked data on newly-admitted permanent labour migrants show that the majority had only a prior work permit, and direct transitions of graduates – i.e. without additional work experience – are rare (Figure 3.18).

**Figure 3.18. Admissions of permanent labour migrants (principal applicants in economic classes) by previous permits, 2006-16**

Total numbers by type of previous permit (left) and share among all labour immigrants in data (right)

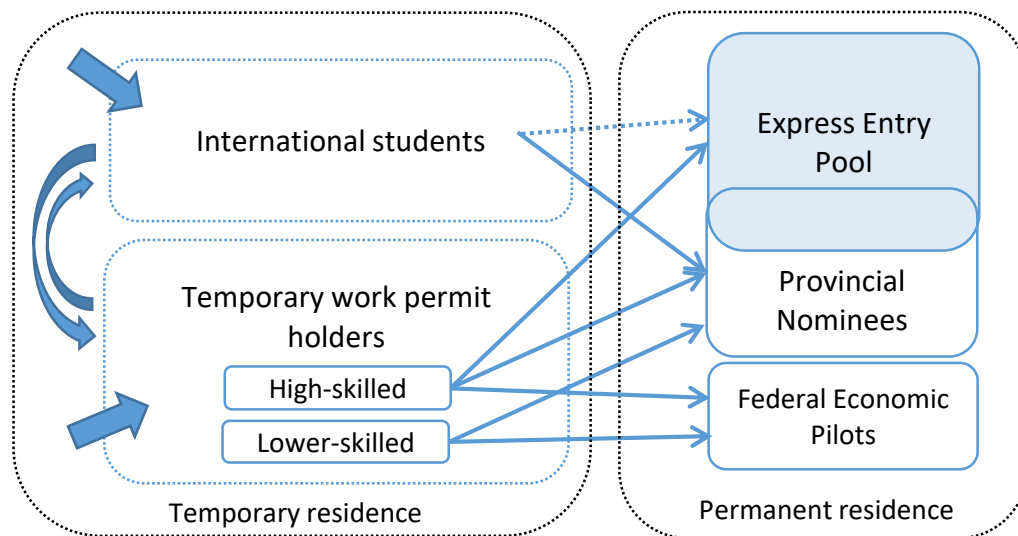


Note: Total numbers include principal applicants in the economic classes. Data includes only those immigrants filing income tax in their year of landing.

Source: Statistics Canada. IMDB 2016.

*Various pathways to onshore transition exist*

**Figure 3.19. Transition paths for temporary workers to permanent residence through economic programmes**

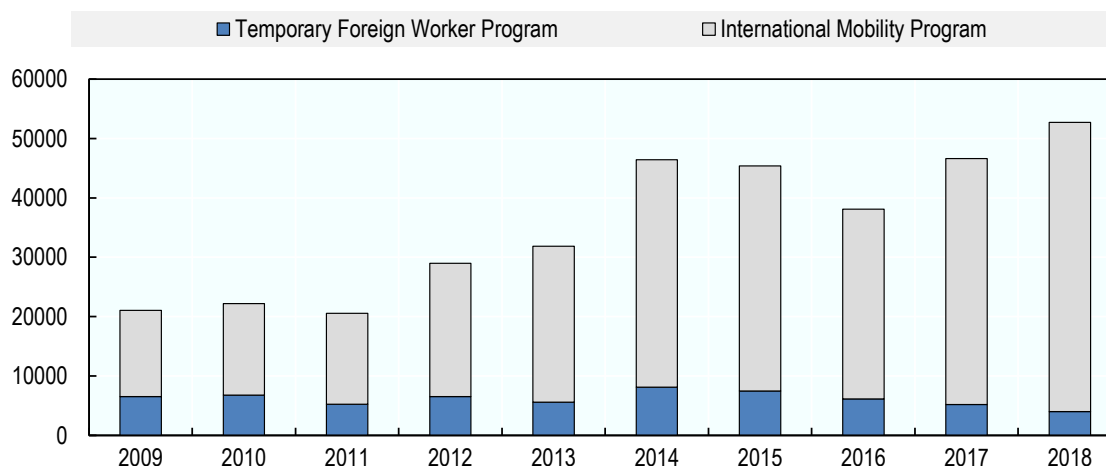


Note: After graduation, international students can obtain a post-graduation work permit. These are generally part of the high-skilled temporary work permit holders. Federal Economic Pilots include the Atlantic Immigration Pilot, the Rural and Northern Immigration Pilot, the Agri-Food Immigration Pilot and the two Caregiver Pilots.

Source: OECD Secretariat.

Several pathways for transition to permanent residency exist (Figure 3.19). Not surprisingly, the IMP is the key driver for transitions to permanent migration. In 2018, over 90% of admissions of permanent residents under economic class who had a prior work permit in Canada did so under the IMP. This share continuously increased over the last decade relative to the work permit holders under the TFW Program. In 2018, of the about 53 000 transitions from temporary work permit holders for work purposes to economic migration categories, about 49 000 passed through the IMP (Figure 3.20).

**Figure 3.20. Admissions of permanent residents under economic class with prior work permit holder status**



Source: OECD Secretariat calculations based on data from IRCC.

Data from 2016 suggests that only about half of transitions came through the post-graduate route. Transitions from the IMP mainly occurred to the PNP (44%), followed by FSW (34%) and Canadian Experience (20%). Among workers under the TFW Program, Canadian Experience (40%) was the main pathway, followed by FSW (26%). Interestingly, provincial nominations were much less common among the temporary foreign worker transitions – they accounted for less than 16% of the total.

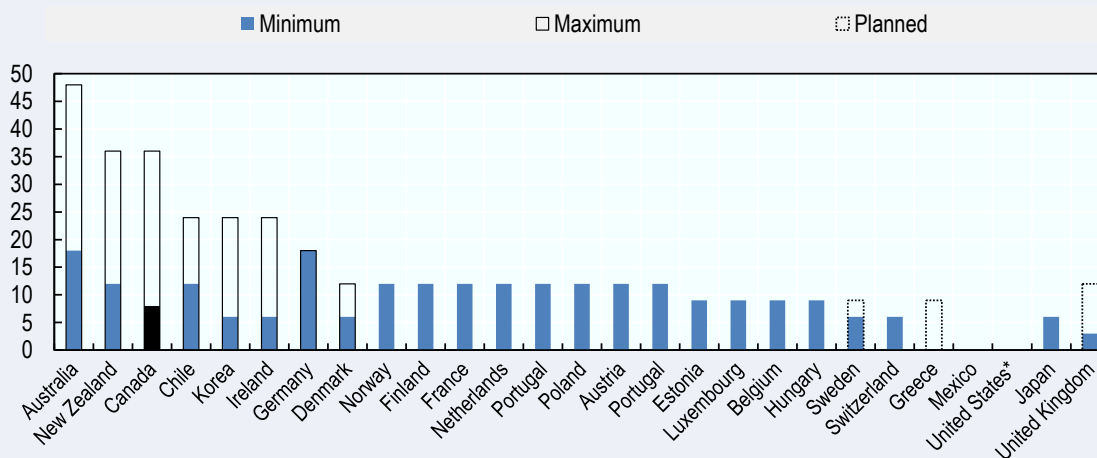
The apparent shift to onshore migration in Canada can be compared to New Zealand in the late 1990s and early 2000s, where the increased transition was caused by additional points for applicants with education and work experience in New Zealand. This is currently also the case under Express Entry, which awards points for Canadian work experience and education (Chapter 2). In Australia, the study-to-residence pathway led the increase in transitions. The country removed a three-year eligibility bar for international students in 1999 and allowed direct onshore student applications in 2002. Within a year of the reforms, over 50% of Australia's economic permanent residence applicants held Australian qualifications (Hawthorne, 2010<sub>[20]</sub>). In contrast to Australia, international students in Canada need at least one year of skilled work experience before applying to the federal economic immigration programmes in Express Entry (see Box 3.2).

### Box 3.2. Transition of international students in Canada

Under Express Entry, at least one year of skilled relevant work experience is required for pool entry. Therefore, direct transitions from student status to permanent residency without prior skilled work experience – at least one year within the last ten years for the Federal Skilled Workers and one year of Canadian Experience within the last three years for the CEC – under Express Entry are not

possible. However, some provinces have specific streams for international students, and specific programmes such as the Atlantic Immigration Pilot have dedicated graduate streams. In addition, Canada has a relatively generous post-graduation search and work permit scheme for international students (Figure 3.21).

**Figure 3.21. Duration of post-graduation job search periods in months, 2018**



Source: OECD Secretariat.

International students who completed at least eight months of study in Canada, have six months to apply for a Post-Graduation Work Permit once they obtained their notice of graduation. At the time of application they are not required to have a Canadian job offer and while awaiting the decision of their permit, they can stay and work. The post-graduation work permit is an open work permit allowing former graduates to work for any job and employer and is valid for up to three years. The duration of the permit is linked with the duration of studies in Canada.

A survey by the Canadian Bureau for International Education showed that 60% of all international students plan to stay permanently in Canada, an increase from 51% who intended to do so prior to the recent reforms which valued Canadian studies (CBIE, 2018<sup>[14]</sup>). In 2018, there were more than 46 000 initial work permits issued to individuals under the post-graduation work permit stream, a number that has increased five-fold since 2014. Between 2016-18 this number increased slightly stronger than the number of initial study permits over the same period (53% versus 46%). Overall, 12% of permanent immigrants in economic classes in 2018 – almost 23 000 individuals – previously held a PGWP, up from just 5% in 2015 (IRCC, 2019<sup>[21]</sup>). An estimation of student stay rates suggests that about six in ten international graduates stay in Canada upon graduation.<sup>37</sup> This is a much higher share than observed in other OECD countries, however it is not clear how many finally transition to permanent residency (OECD, 2019<sup>[22]</sup>).

In 2018, 25% of applicants to permanent residency under EE claimed bonus points for education in Canada (around 23 000 individuals), a strong decline from 45% who did so in 2017 (31 000) (IRCC, 2019<sup>[23]</sup>).

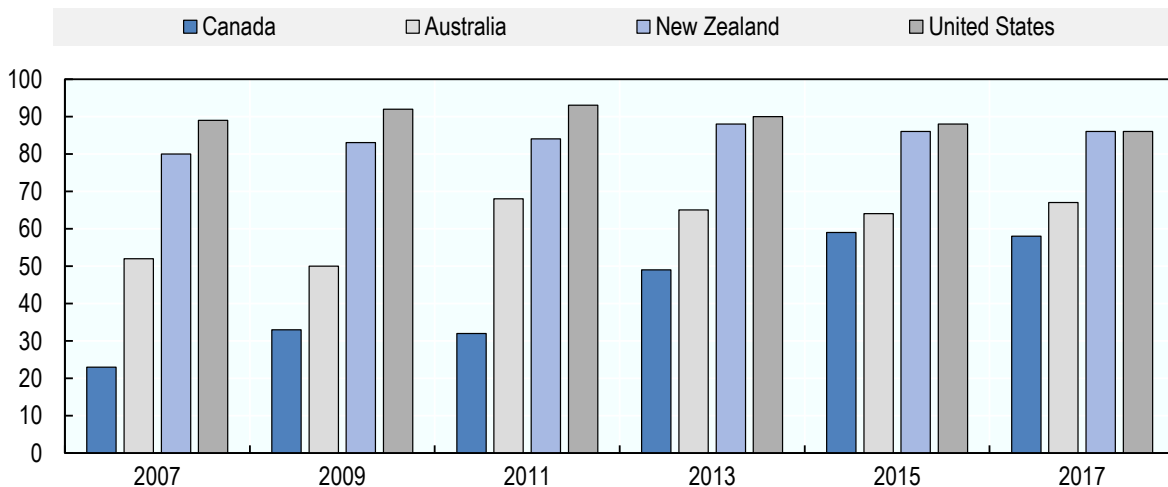


### *Onshore transition levels remain lower than in other settlement countries*

All Settlement countries accept large numbers of permanent labour migrants through two-step migration pathways. Such onshore transitions quickly became the norm for skilled migrants in New Zealand, where onshore proportion of skilled principal applicants reached over 80% in the 2000s. A similar but less pronounced trend occurred in Australia, where over two-thirds of principal applicants transitioned onshore in the year 2015/16. In the United States, where the bulk of permanent immigration is through family streams labour migration accounts for only about 5% of permanent residents permits. Among these labour immigrants, in many years close to and over 90% were onshore transitions a share that remained broadly unchanged over the last decade.

Data on transitions to economic classes in Canada shows that about 55% of those principal applicants admitted in 2018 held a previous work permit. This is below the shares observed in the other settlement countries, although the growth over time has been more pronounced in Canada than elsewhere (Figure 3.22).

**Figure 3.22. Onshore transitions to permanent residence (%), 2007-17**



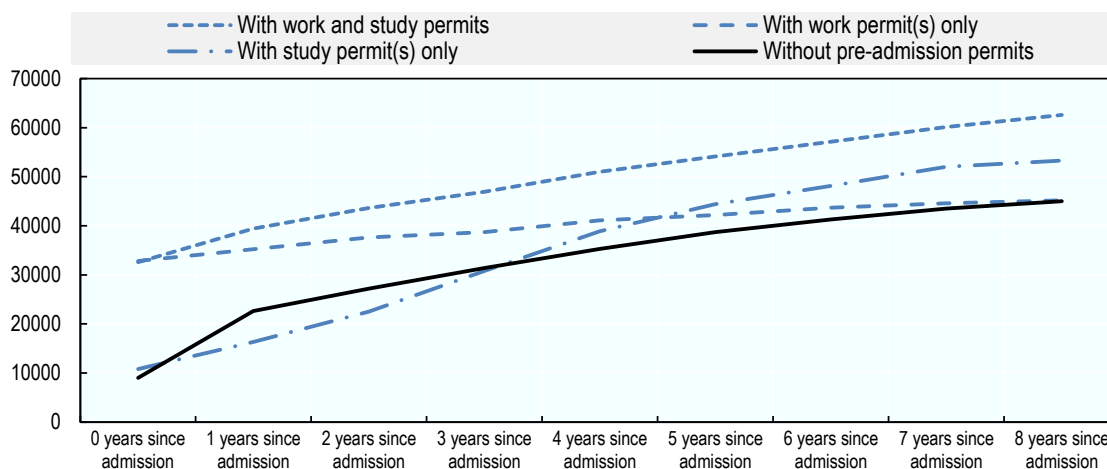
Note: All four countries include only principal applicants to economic classes and exclude spouses and dependants. Shares in New Zealand, Australia and the United States denote onshore transitions whereas the shares in Canada are based on number of individuals who held a previous permit (TFW Program/IMP) before their permanent admission in Canada.

Source: OECD Secretariat calculations based on data from MBIE (annual migration trends reports), DIBP, USDHS (Employment-based preferences) and Statistics Canada.

### *Immigrants with Canadian pre-admission experience have higher earnings than their peers selected from abroad*

Figure 3.23 presents the median annual income of principal labour migrants by pre-admission permits in Canada, for the cohort admitted in 2008 by years since landing. Trajectories for other admission years are very similar.

**Figure 3.23. Median annual income in CAD by pre-admission experience, cohort of 2008**



Source: Statistics Canada. Table 43-10-0010-01 Immigrant Income by admission year and immigrant admission category.

Two observations stand out. The first key observation is that, for the first four to five years after landing, labour immigrants with previous work permits outperform those without such permits. However, about eight years after landing, labour immigrants without pre-admission experience have caught up to those with work – but no study – experience in Canada. This is consistent with earlier findings that immigrants with pre-immigration Canadian skilled work experience had a large earnings advantage over immigrants who were selected from abroad<sup>38</sup> (Hou and Bonikowska, 2016<sub>[19]</sub>). The authors find that only one-quarter of the earnings advantage was attributable to the level of education, language knowledge and origin country. Hou and Bonikowska (2016<sub>[19]</sub>) suggest that the earnings advantage might be related to pre-immigration labour market selection. This could happen in at least two ways. First, employers could be better placed than the objective criteria used by the immigration authorities to judge the value of an individual's skills in the context of the current labour market. To some extent, the bonus points awarded to Express Entry candidates who have a job offer can be understood as a reflection of employers' more astute judgment in this area. Second, the prior work history could also provide for some selection, as unsuccessful temporary workers may be less likely to get enough skilled work experience for transition. Interestingly, the earnings advantage of Canadian work experience fades out over time. This is not the case for Canadian education. Indeed, the second key observation from Figure 3.23 is that immigrants with Canadian education have the steepest earnings growth. However, even after ten years, they still lag somewhat behind those who also have pre-landing work experience in addition.

## Conclusion

The changes to the temporary foreign worker programmes over the past five years have established two broad pathways for temporary labour migration. While one is

labour-market-tested and rather tightly restricted with caps and transition plans, the other admits a large and growing number of individuals for broader economic, cultural and other benefits – not directly linked to labour market needs. Around two-thirds of the latter group hold open work permits rendering a timely assessment of the labour market impact difficult. However, Canada has made first commitments to increase the monitoring of the latter group under the 2019 Budget and it is important to continue along these lines.

More generally speaking, the current system encourages higher-skilled individuals (and their employers) to divert to permanent pathways, whereas transition possibilities to permanent residence for lower-skilled are mainly available via regional programmes.

A key group to take into account in labour market impact analyses going forward are international students. They are not only a strongly growing but also hardly monitored labour force and present a key group of potential future permanent residents.

## Notes

<sup>1</sup> Employment and Social Development Canada (ESDC) and Quebec's Ministère de l'Immigration, de la Diversité et de l'Inclusion (MIDI) are implementing simplified processing requirements for select occupations that are updated annually by the province. In recognition of the fact that the provincial government (Emploi Québec in collaboration with MIDI) has already determined that there is insufficient labour supply for these occupations in Quebec, employers seeking to hire TFWs in these occupations do not have to demonstrate proof of recruitment efforts in advance of applying to the TFW Program for foreign workers in the province.

<sup>2</sup> Reference to these work opportunities are listed under R186 of the Immigration and Refugee Protection Regulations (IRPR). These specific professions include athletes and coaches; aviation accident or incident investigators; civil aviation inspectors; clergies; convention organisers; crew members; emergency service providers; examiners and evaluators; expert witnesses or investigators; family members of foreign representatives; foreign government officials or representatives; health care trainees; judges, referees or similar officials; military personnel; news reporters and film and media crew; producers or staff members working on advertisements; performing artists; and public speakers.

<sup>3</sup> There are cases where the open work permit can be restricted by occupation or by location. For example, Bridging Open Work Permit applicants who have a permanent residence application under the Provincial Nominee Program may receive an open work permit restricted by location/province.

<sup>4</sup> In addition, the foreign worker, the transferring and receiving employers, as well as an agent of the foreign worker's government must all agree to the change of employment.

<sup>5</sup> This number includes both initial permits and renewals. Depending on the programme, the duration of a work permit can vary from a few weeks to several years.

<sup>6</sup> This number includes only initial study permits (no extensions) and excludes permits to attend primary and secondary schools.

<sup>7</sup> When a study permit holder decides not to renew the study permit but obtains a work permit before the existing study permit expires, there is a period when the permit holder holds two permits of a different type. For reporting purposes, neither permit is omitted during the period of time when the two permits overlap. Instead, both are reported in different tables according to the type of permits held. IRCC data from end-2013 suggest that this applied to approximately 10% of work and study permit holders.

<sup>8</sup> A valid study permit with a specified condition allows full-time international students enrolled at a designated learning institution to work on and off campus part-time during academic season and full time during academic breaks.

<sup>9</sup> Starting in April 2013, and in the following year ESDC introduced major changes and some additional reforms took place in 2016 and 2017.

<sup>10</sup> The cap only applies to employers who employ more than 10 persons. Employers in seasonal industries hiring TFWs in seasonal positions that are no more than 180 calendar days in length are exempt from this cap. In addition, caregiving positions in private households and in health care facilities, on-farm primary agricultural positions, as well as certain short duration positions of 120 calendar days or less in duration (e.g. carnival or fair operators) are exempted from the cap. Likewise, positions on a Labour Market Impact Assessment to be submitted to support a temporary foreign worker's permanent residence application under Express Entry are exempted from the cap.

<sup>11</sup> These occupations include: cashier, store shelf stockers, clerks and order fillers; food counter attendants, kitchen helpers and related support occupations; security guards and related security service occupations, light duty cleaners, specialised cleaners; janitors, caretakers and building superintendents; support occupations in accommodation, travel and facilities set-up services; construction trades helpers and labourers; and landscaping and grounds maintenance labourers.

<sup>12</sup> As of June 2019, foreign caregivers seeking work permits are subject to new rules. Ministerial Instructions were issued on June 18, 2019 to stop processing certain caregiver Labour Market Impact Assessment (LMIA)-required work permit applications for outside-of-Canada applicants intending to work in caregiving occupations under the Temporary Foreign Worker (TFW) Program.

<sup>13</sup> On 13 December 2016, the four-year cumulative duration rule (“four-in, four-out” rule), which banned certain migrant workers from working in Canada for four years after they had spent four years working there, was abolished. This rule had been implemented in 2011.

<sup>14</sup> For instance, work permits issued under the IMP in Ontario in 2007 accounted for 37% of all 83 000 permits issued in that year while in 2016, they accounted for 70% of the close to 100 000 permits issued. A similar trend – strong decline among TFW Program permits and simultaneous strong increase of IMP work permits – holds for Alberta.

<sup>15</sup> The TFW Program has a 10-day “priority” LMIA processing for applications other than the Global Talent Stream. This includes: 1) highly paid occupations that offer wages within the top 10% of wages earned by Canadians in the province-territory where the work is taking place; 2) the job offer has a length of 120 calendar days or less and the wage is at or above the provincial/territorial median hourly wage in the province/territory where the work will take place; 3) the LMIA is requested for high-demand skilled trades occupations and the wage is at or above the provincial/territorial median hourly wage in the province/territory where the work will take place; 4) LMIA applications supporting permanent residence under any Express-Entry-eligible programmes.

<sup>16</sup> NOC refers to Canada’s National Occupation Classification, Canada’s official job classification system. It includes more than 30 000 occupational titles into 500 Unit Groups, organised according to skill levels and skill types.

<sup>17</sup> Other LMIA-required workers (outside of the Global Talent Stream) such as High Wage Stream can also receive two-week priority processing of the employer’s LMIA application if they are NOC 0 and A.

<sup>18</sup> In such a case, the foreign national is sent a notification letter stating their permit will be revoked in 90 days and their temporary resident status and work authorisation continues until the date stated in the letter.

<sup>19</sup> For migrant workers to be eligible, they must be in Canada and either hold a valid employer-specific work permit or be authorised to work without a work permit under implied status as a result of ongoing renewal of their employer-specific work permit.

<sup>20</sup> A number of exemptions to the fee exist, such as for agricultural workers and certain caregivers in private households as listed in 315.2 of the Immigration and Refugee Protection Regulations (IRPR).

<sup>21</sup> Due to the exclusion of private households and some other employers, the list is not complete.

<sup>22</sup> Reviews of the LMBP are conducted separately and distinct from measures to ensure compliance of employers with these general requirements.

<sup>23</sup> The LCP replaced the Foreign Domestic Movement Program, initiated in 1981. This programme had essentially the same terms as the LCP, by providing migrant domestic workers with access to Canadian permanent residence after they completed a twenty-four month live-in work requirement.

<sup>24</sup> The 2014 caregiver pilots are no longer open to new applications but submitted applications are still being processed.

<sup>25</sup> 93% of those filing first income tax in 2006, 94% in 2016.

<sup>26</sup> Until 2014, a specific permit for Off-Campus Work for enrolled international students existed. Since June 2014, international students are generally allowed to work on and off campus without an additional permit, explaining the slight decrease in IMP permits from 2014 to 2015.

<sup>27</sup> For the Working Holiday programme, these countries include Australia, New Zealand, the United States, as well as a number of European countries (Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom). In addition, Chile, Costa Rica, Hong Kong, Japan, Korea and Chinese Taipei participate in the programme. Mobility agreements with Mexico and the Ukraine are currently under review.

<sup>28</sup> For applicants from the Netherlands, Korea, Sweden and the United Kingdom, the age limit at application is 30 years.

<sup>29</sup> All countries having more than 100 000 international tertiary students enrolled in full-degree programmes.

<sup>30</sup> This number includes permits issued to individuals for: CAAT, CEGEP or other post-secondary course lasting a year or more (including pre-university and technical), Colleges (applied degree, certificate and diploma), English/French as Second Language (ESL/FSL), English/French as Second Language (ESL/FSL) and College, English/French as Second Language (ESL/FSL) and University, PTC/TCST/DVS/AVS, Trade Schools, University (Bachelor's, Master's, Doctorate and others) as well as a number of other or unspecified study permits. It excludes permits issued for primary and secondary school attendance.

<sup>31</sup> Only applications received electronically are eligible for SDS processing. All paper applications are processed under the regular study permit application stream and are subject to the associated processing times. Foreign nationals eligible for SDS processing are still subject to all other eligibility and admissibility requirements.

<sup>32</sup> Within this factor, in particular the public expenditure on family benefits and the tax structure that disincentives a second earners to enter employment decrease Canada's score. However, both of these issues are beyond the remit of migration policy.

<sup>33</sup> For about 15% of permits issued under the TFW Program between 2015 and 2018, the intended destination was not available.

<sup>34</sup> As discussed previously, the largest groups of open work permit holders are former international students with a post-graduation work permit (PGWP), most participants of International Experience Canada (IEC) and spouses of skilled workers and international students.

<sup>35</sup> TFW Program holders with permits issued between 2015 and 2018. Shares are based only on permits where this information is available. For about 14% of the TFW Program permit issued between 2015-18 the information on intended destination and occupation is missing. These shares are based on including for agriculture the NOC 0821, 0822, 8252, 8255, 8431, 8432 and 8611 and for caregivers NOC 4411, 4412, 3012, 3233 and 3413.

<sup>36</sup> These data refer to the number of admissions of persons with previous IMP or TFW permits, divided by the number of admitted principal applicants in the economic classes.

<sup>37</sup> This estimation is based on the number of initial post-graduation work permits issued in 2016 as well as on the number of admitted permanent residents under the family class in 2016 who previously held a study permit, as a share of the total number of international graduates in 2016.

<sup>38</sup> The study used data on arrival cohorts from 1990-2006. A positive impact was found regardless of whether the year of immigration or the year of first arrival were taken as starting point.

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