

Significant Changes to Temporary Foreign Worker Program Announced

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The Temporary Foreign Worker Program (TFWP) is used by employers to fill job vacancies with temporary foreign workers when qualified Canadians are not available. Under the TFWP, employers may hire temporary foreign workers through a variety of streams, including the Low-Wage Stream, which is utilized by employers who wish to hire a temporary foreign worker who will be paid less than the median hourly wage rate of their province or territory.

After an employer has engaged in efforts to recruit and hire qualified Canadians, the first step for an employer who would like to use the Low-Wage Stream of the TFWP is to obtain a Labour Market Impact Assessment (LMIA) from Employment and Social Development Canada (ESDC). ESDC assesses applications and determines the likely effect hiring temporary foreign workers will have on the Canadian labour market. ESDC must issue a positive or neutral decision on the employer's LMIA application for a temporary foreign worker to use the decision to obtain a work permit enabling them to work for the employer in the vacant position.

The TFWP is designed to be responsive to changes in the labour market. When post-pandemic labour market needs were high, several changes were introduced to the TFWP to help employers meet urgent employment needs. Now, with changing labour market conditions and declining job vacancies, several new restrictions on the Low-Wage Stream have been announced. More specifically:

- Effective September 3, 2024, and until March 3, 2025, ESDC will not process certain LMIA applications submitted in the Low-Wage Stream in the economic region of Montréal.
- Effective September 26, 2024:
 - ESDC will not process LMIA applications in the Low-Wage Stream in census metropolitan areas with an unemployment rate of [6% or higher](#);
 - Employers will only be allowed to hire a maximum of 10% of their total workforce through the TFWP. This maximum employment percentage is a further reduction from the March 2024 reduction to 20%; and
 - The maximum duration of employment for workers hired through the Low-Wage Stream will be reduced to one year (from two years).

These changes will have a significant impact on employers, particularly those in large economic centres, that rely heavily on the Low-Wage Stream to meet their labour needs. Employers will need to adjust their

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hiring practices and immigration planning by, among other things, transitioning to the High-Wage Stream, which is utilized by employers who wish to hire a temporary foreign worker who will be paid at or above the median hourly wage rate of their province or territory. Such a shift may result in a notable increase in an employer's overall labour costs.

No changes or restrictions to the High-Wage Stream or Global Talent Stream have been announced, and applications under those streams are still being processed by ESDC in the ordinary course. However, the federal government has indicated that it will continue to monitor labour market conditions and may introduce further adjustments to the TFWP. Cassels will continue to monitor and provide updates on new developments.

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