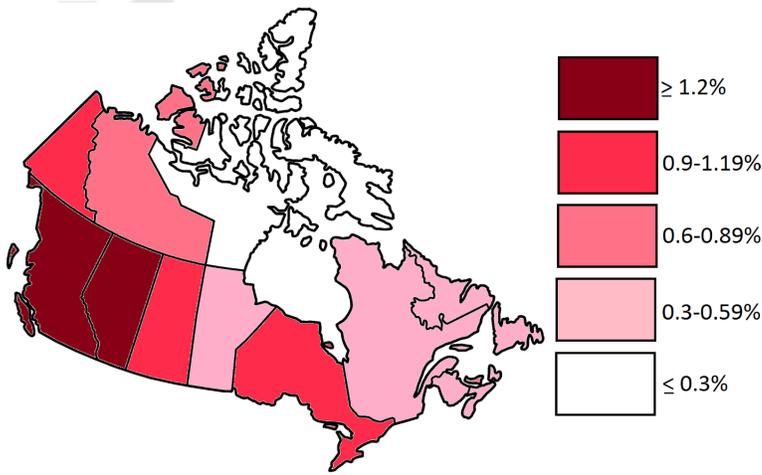




Temporary Migration Policy, Trends, and Ontario's Economy: 2000-2012



Keegan Williams

Research funded by the Ontario
Ministry of Citizenship, Immigra-
tion and International Trade.

IMRC Policy Points provide current and relevant
policy briefings and recommendations drawn
from scholarly research carried out by our
Associates and Affiliates worldwide.

Follow our series at: imrc.ca

(Source: Keegan Williams)

Executive Summary

Ontario is unique when it comes to international migration in Canada. It is the leading province in overall flows, including individuals participating in the temporary foreign workers (TFWs) program. Employers hire TFWs on a contractual basis to work here, and from 2000 to 2012, about 800,000 came to Ontario – representing 40% of Canada's total TFWs. Despite their growing numbers, economic importance, and the rapidly changing landscape of federal immigration policy, there is little work looking at the Temporary Foreign Worker Program or its economic impact on the province. In this research, we found that employers in specific industries, like agriculture, senior business management, and childcare, tended to hire TFWs and did so through specific parts of the Program. Our preliminary results show that the influx of TFWs was statistically associated with shorter job tenure, higher Employment Insurance receipts, and increases in wages in some jobs, but lower wages in others. These effects are particularly significant in industries with large numbers of TFWs. So while TFWs undoubtedly contribute to Ontario's overall economic development, more research should be done to understand their specific economic effects on particular industries and demographics. This is especially important given the provincial responsibilities in labour, health and education, which federal immigration policy directly impacts.

This study has been revised from original research carried out for the Ontario Ministry of Citizenship, Immigration and International Trade with Dr. Jenna Henneby.

Policy Context

- Ontario is special when it comes to immigration in Canada. Between 2000 and 2012, it was the most common destination province for temporary immigration overall and for each category of immigrant (i.e., foreign students, humanitarian populations, foreign workers and other).¹
- The number of temporary residents arriving and their activities while in Ontario have important impacts on society, and on the labour market in particular.² This has led to a growing discussion at all levels of government about how to efficiently and effectively manage temporary immigration.
- In related work, we found a rapid growth (over 600%) in the development of federal immigration policies during 2000-2012. These changes have promoted temporary immigration as a means of filling Ontario's labour market gaps using TFWs, as well as providing limited routes to permanent residency.
- Temporary foreign workers are labourers employed from other countries to hold jobs in Canada that cannot be filled by Canadians. 781,464 TFWs immigrated to Ontario between 2000 and 2012, composing at least 0.24% of the labour force at any given time.
- Employers must go through a formal process with Citizenship and Immigration Canada and Employment and Social Development Canada to hire a TFW. Sometimes this involves a *labour market impact assessment*, where Canadians must be vetted for a job prior to opening the position to a TFW; however, other jobs, like those in agriculture, do not require an assessment. In 2012, about 59% of TFW entries to Ontario fell into this category.
- Due to its responsibilities in fields such as labour, health, and education, federal policies directly impact Ontario when the numbers or types of TFWs change. Despite this impact, no research has been done to measure and understand the changing nature of the Temporary Foreign Worker Program and its economic effects in Ontario.

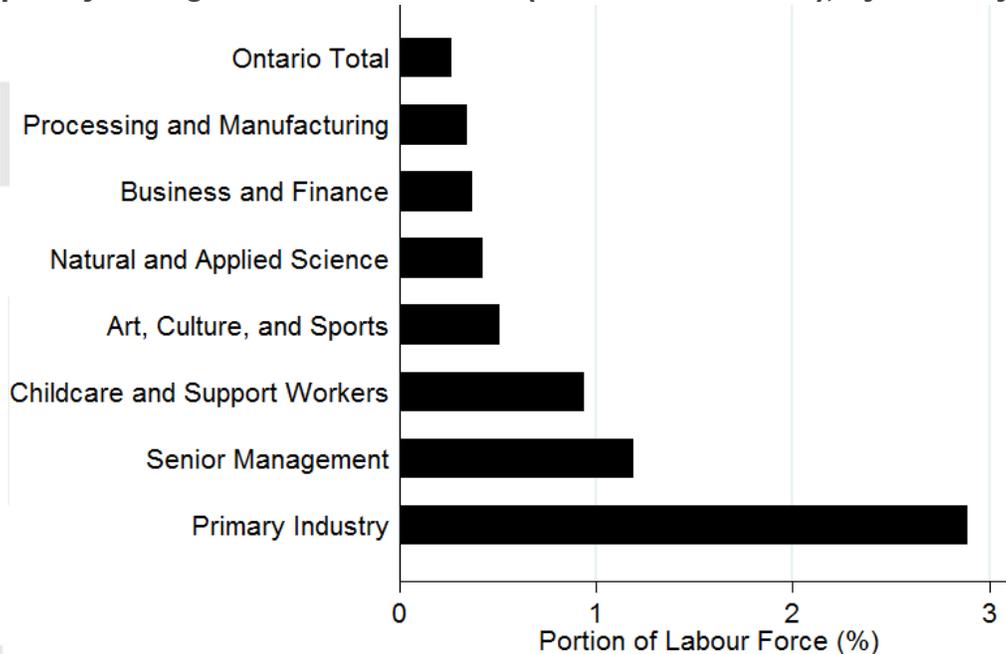
Methodology

- We collected data on temporary immigration from Citizenship and Immigration Canada. We also collected data on labour force outcomes in Ontario from Statistics Canada's *Labour Force Survey*. We gathered and measured federal policy changes from The Canada Gazette and other secondary sources.
- Using statistical analysis, we measured changes in the Temporary Foreign Worker Program in Ontario from 2000 to 2012, and the impact of changing numbers of TFWs on Ontario's labour market as a whole, as well as within its different industries.
- We used policy analysis to understand how these economic effects related to changing federal immigration policy.

¹ *Citizenship and Immigration Canada*. (2013). Temporary Residents Q4 2012 extracts. Research Datamart.

² For more information, see Aydemir, A. & Borjas, G. (2007). Cross-country variation in the impact of international migration: Canada, Mexico, and the United States. *Journal of the European Economic Association*, 4: 663-708.

Temporary Foreign Workers in Ontario (% of Labour Force), by Industry, 2012



Notes: Only lists industries with above-average proportion of labour force. Industries drawn from Statistic Canada's NOC-S. Sources: Citizenship and Immigration Canada (2013); Statistics Canada (2016).

- We found that the numbers of temporary foreign workers in Ontario increased over time and determined that this growth was heavily concentrated in low-skill (e.g., agricultural) and very high-skilled jobs (e.g., nursing), leading to an hourglass effect. This differential growth reflected the importance of specific classes of workers, mainly the Seasonal Agricultural Worker Project, the Low-Skill Pilot Project and the Canadian Interests class.
- Temporary foreign workers tended to be hired in a limited number of fields, specifically primary industry (e.g., agriculture, mining), senior business management and childcare. These reflect the use of particular immigration programs to recruit foreign workers for jobs like domestic workers, senior management and agricultural work. It is the labour markets of these industries which were most affected by the changing numbers and types of TFWs.
- Macroeconomic characteristics of Ontario's economy were statistically associated with the proportion of TFWs in the labour force over time. Specifically, we associated shorter job tenure and higher numbers of Employment Insurance (EI) recipients with more TFWs. If the number of TFWs doubled, for instance, we would expect average job tenure to simultaneously fall by about 3 months, and about 36,000 more people to be on EI.
- These effects most impacted the small number of industries which typically hire TFWs. In primary industries, for example, more TFWs were associated with lower wages, more income inequality, more EI and shorter job tenure. This usually meant that employers hired TFWs on a temporary basis and paid far below the industry average for Ontarians, which widened the pay gap between foreign and native workers. For natural and applied science occupations, however, more TFWs were associated with increases in average wages.

IMRC Policy Points



January 2016

- Overall, these results suggest that where TFWs are important in the labour market, they are correlated with changed economic outcomes for all workers in Ontario. These impacts, moreover, vary based on industry/job context.
- The shifting numbers and types of TFWs coming to Ontario are related to the federal government's rapidly changing immigration policies. Based on the continuing policy of the federal government to use foreign labour, we expect that, despite recent reforms, the Program will continue to grow and have unique and important consequences for Ontario's labour market and economic outcomes.

Policy Options and Recommendations

- Although Ontario will be increasingly affected by temporary foreign workers, there are few policy changes and little funding available to enhance its role in managing these inflows or responding to their labour market impacts.
- Based on the current gaps in measuring and understanding these impacts, Ontario should promote further research to inform an evidence-based policy approach. Specifically, it should invest in the identification and elaboration of relationships between flows of TFWs and specific economic effects.
- We identified two avenues for research:
 - Sorting out the more specific impacts of TFWs entries to the province by gathering more data, incorporating more factors into the analysis, such as demographics, education and national origin, and analysing specific case studies. For example, we will analyse the regulation and outcomes of nursing or agricultural workers to locate correlations and causes of labour market effects. We expect these findings could be extended to other jobs.
 - Measuring the impact of these labour market changes on different demographic sectors. Specifically, we will consider how increasing numbers TFWs differentially affect labour market outcomes for permanent residents as well as Canadian-born citizens.
- Coupled with our initial findings, this research will give us a more detailed understanding of temporary labour in Canada than exists elsewhere. Policymakers could make use of this information to plan provincial policy, especially in labour, health and education, and help support Ontario at the bargaining table on immigration policy with the federal government.