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CANADA

REPORT 5, TEMPORARY FOREIGN WORKER PROGRAM, OF THE SPRING 2017 REPORTS OF THE AUDITOR GENERAL OF CANADA

Report of the Standing Committee on Public Accounts

The Honourable Kevin Sorenson, Chair

**DECEMBER 2017
42nd PARLIAMENT, 1st SESSION**

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Chair**

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NOTICE TO READER

Reports from committee presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

THIRTY-FIFTH REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Report 5, Temporary Foreign Worker Program, of the Spring 2017 Reports of the Auditor General of Canada and has agreed to report the following:



REPORT 5—TEMPORARY FOREIGN WORKER PROGRAM—EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA, OF THE SPRING 2017 REPORTS OF THE AUDITOR GENERAL OF CANADA

INTRODUCTION

According to the Office of the Auditor General of Canada (OAG), “Canada faces significant labour market challenges.”¹ Examples include the regional disparities between available workers and job opportunities, or a lack of skilled labour in some occupations; thus, “even though there are more than one million unemployed Canadians, some employers cannot fill vacant positions for some occupations.”²

The use of foreign workers can help address these issues; specifically, the federal Temporary Foreign Worker Program (TFWP) “enables employers to temporarily hire foreign workers to fill skills and labour shortages when qualified Canadians and permanent residents are not available.”³ This program is “governed by the [Immigration and Refugee Protection Act](#) and the [Immigration and Refugee Protection Regulations](#),”⁴ and administered by Employment and Social Development Canada (ESDC, or the Department).⁵

According to the OAG, interested employers “must apply to the Department and receive its approval before they can hire foreign workers. The Department assesses whether foreign workers will have a positive or neutral impact on the relevant labour market. If the impact is neither positive nor neutral, the Department turns down requests for these workers. The Department is also responsible for ensuring that employers that hire temporary foreign workers comply with program requirements, as well as for measuring

1 Office of the Auditor General of Canada (OAG), [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.1.

2 Ibid.

3 Ibid., para. 5.2.

4 Ibid., para. 5.3.

5 Ibid.



and reporting on program results.”⁶ In 2015, 90,000 temporary foreign workers entered Canada, down from a peak of 199,000 in 2012.⁷

In June 2014, the federal government announced the following reforms to the program:

- limiting employer access to temporary foreign workers, to ensure that Canadians are considered first;
- making use of more and better labour market information to inform departmental decisions; and
- enabling stronger enforcement and tougher penalties for employers that do not comply with program requirements.⁸

In the spring of 2017, the OAG released a performance audit that examined whether ESDC managed the program “to allow employers to hire foreign workers on a temporary basis to fill labour shortages when qualified Canadians were not available. The audit also focused on whether the Department ensured that employers complied with program requirements.”⁹

On 31 October 2017, the House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit.¹⁰ From the OAG were Michael Ferguson, Auditor General of Canada, and Glenn Wheeler, Principal; from ESDC were Louise Levonian, Deputy Minister, Leslie MacLean, Senior Associate Deputy Minister and Chief Operating Officer for Service Canada, and Paul Thompson, Senior Assistant Deputy Minister, Skills and Employment Branch.¹¹

FINDINGS AND RECOMMENDATIONS

A. Hiring Temporary Foreign Workers as a Last Resort

The OAG examined “whether the Department adequately assessed the impact on the labour market of employing temporary foreign workers when it reviewed applications

6 Ibid.

7 Ibid., para. 5.4.

8 Ibid., para. 5.6.

9 Ibid., para. 5.8.

10 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#).

11 Ibid.

from employers,”¹² and found that “program officers generally accepted statements from employers about the results of their efforts to hire or train Canadians.”¹³ However, in cases that might have benefited from further questioning, the OAG found that “program officers did not sufficiently question employers in 40 percent of the cases.”¹⁴

The OAG also found examples “in which program officers approved applications to hire temporary foreign workers for supervisory positions, even though there was little evidence in the files that employers had considered training or promoting their many Canadian employees.”¹⁵ Additionally, “some employers of fish and seafood processing plants told the Department that temporary foreign workers were required because some Canadians had quit their positions because of the conditions or difficulty of the work,” which in the opinion of the OAG, appeared to be more of a retention problem and not a labour shortage problem.¹⁶

Lastly, the OAG found that although “program officers generally followed internal guidance in assessing applications, in many cases program officers noted that it was difficult for them to verify the accuracy of what employers told them about their recruitment efforts and whether their efforts were reasonable.”¹⁷

The OAG thus recommended that ESDC should “review current policies, guidance, and processes to identify opportunities to strengthen the assessment of employers’ recruitment efforts” and that the “Department should ensure that [TFWP] officers can more fully verify the accuracy of employers’ statements and that employers use the program only as a last resort.”¹⁸

The Department agreed with this recommendation and in its Detailed Action Plan, committed to the following:

- Review and revise recruitment policies to support the development of operational guidance (by May 2017)

12 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.32.

13 Ibid., para. 5.34.

14 Ibid.

15 Ibid., para. 5.36.

16 Ibid., para. 5.38.

17 Ibid., para. 5.40.

18 Ibid., para. 5.41.



- “Implement new recruitment policies by providing departmental staff with strengthened guidance, tools and processes to assess employer recruitment efforts. Implementation measures would include the development of operational guidance, tools and training to ensure consistent national implementation of the policy” (by August 2017)¹⁹

When questioned about this matter, Paul Thompson, Senior Assistant Deputy Minister, Skills and Employment Branch, ESCD, stated the following:

We'll be heavily reliant on the recruitment efforts, and as noted, we've augmented our efforts to verify recruitment. As also noted, we're working with these heavy users—a number of the sectors have been referenced here today—to strengthen their recruitment and retention strategies for Canadian workers. Then after due diligence has been shown on individual recruitment and sector-based strategies, the residual demand for TFWs is what the program is here to deal with.²⁰

Therefore, the Committee recommends:

RECOMMENDATION 1 – Pertaining to the employer recruitment policy and officer guidance

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made a) resulting from the implementation of the revised employer recruiting policy; and b) with regard to program officers being better able to verify the accuracy of employers' statements.

RECOMMENDATION 2 - Regarding employers using the program only as a last resort.

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to ensuring that employers only use the Temporary Foreign Worker Program as a last resort.

19 Employment and Social Development Canada, [Detailed Action Plan](#), p. 1.

20 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 1010.

The OAG also found that while “the Department offered training to program officers and reviewed some of their decisions, there was no national quality assurance framework to assess the quality and consistency of the program officers’ decision making.”²¹

Consequently, the OAG recommended that ESDC “should establish a quality assurance framework for the [TFWP]. The framework should ensure that program officers’ decisions relating to the application process are consistent with program requirements and that employers hire temporary foreign workers only as a last resort.”²²

The Department agreed with this recommendation and its action plan, noting that it had “launched a quality assurance (QA) pilot program in April 2017 to achieve national consistency in processing labour market impact assessments. In addition to monitoring the processing of labour market impact assessments, the quality assurance program will help inform future policy decisions as well as the development of clear guidance to support the assessment process.”²³ Following an evaluation of the pilot project in the summer of 2017, it is to be fully implemented in December.²⁴

When questioned about why the Department did not already have in place a national quality assurance framework to evaluate the quality and consistency of the decisions made by program officers, Leslie MacLean, Senior Associate Deputy Minister, ESDC, provided the following:

As the Auditor General said, the management and delivery of the temporary foreign workers program need to be improved. To ensure consistency in the decisions made by all program officers, there needs to be a quality assurance framework.

[...]

The pilot projects we have conducted since the spring show that such a framework will be a big help to our officers in making consistent decisions regarding what we call a real offer of a real job, and in ensuring that the conditions are similar to those offered to Canadians for the same kind of work.²⁵

21 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.43.

22 Ibid., para. 5.44.

23 Employment and Social Development Canada, [Detailed Action Plan](#), p. 2.

24 Ibid.

25 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0925.



Notwithstanding the Department’s current progress and plans, the Committee finds it extremely important for a federal program of this nature to have an ongoing, permanent quality assurance framework in place. To that end, the Committee recommends:

RECOMMENDATION 3 – Regarding a permanent quality assurance framework for the program

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to the implementation of a permanent quality assurance framework for the Temporary Foreign Workers Program, as well as its preliminary results.

B. The Use of all Existing Labour Market Information

The OAG examined “whether the Department, before approving applications for temporary foreign workers, used all existing labour market information to determine whether there were labour shortages.”²⁶ The OAG found that although TFWP officers did use Job Bank data “to determine the employment outlook by occupation and the median wage,”²⁷ they neither made sufficient use of Record of Employment, nor were they provided with Employment Insurance data to assess employer applications.²⁸

Therefore, the OAG recommended that ESDC “should ensure that [TFWP] officers have access to relevant Employment Insurance data and sufficient Record of Employment data for use in their assessments of employer applications for temporary foreign workers.”²⁹ The Department agreed with this recommendation and stated in its action plan that it is “expanding and improving the quality” of its labour market information (LMI) and plans to develop a policy for use of a new LMI tool by September 2018.³⁰

Additionally, Louise Levonian offered the following:

In April of this year, the department increased its access to information on employer layoffs. Officers now have information from the last 12 months rather than 90 days,

26 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.49.

27 Ibid., para. 5.52.

28 Ibid., para. 5.54.

29 Ibid., para. 5.58.

30 Employment and Social Development Canada, [Detailed Action Plan](#), p. 2.

which was the case earlier, to check that employers are not laying off domestic workers and replacing them with foreign workers.

The department is also working to incorporate new sources of data into its assessment for applications. This includes making better use of data from Statistics Canada's job vacancy and wage survey. We're also incorporating private sector forecasts on sectors and regional labour market conditions into our assessment.³¹

Notwithstanding these improvements, the Committee recommends:

RECOMMENDATION 4 – Regarding the use of relevant information by program officers

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to Temporary Foreign Worker Program officers having access to relevant and current Employment Insurance data and sufficient Record of Employment data for use in their assessments of employer applications for temporary foreign workers.

Additionally, the OAG reported that, in 2014, the Department and Statistics Canada started developing a \$14 million (annual cost) survey “to collect information on job vacancies and wages. The Department expected the survey to provide it with information that it could use to assess labour markets when considering applications to the program.”³² However, ESDC informed the OAG that “it will need at least two years of results to understand cycles and trends before it can determine the most appropriate means of using the data to enhance its understanding of local labour market demand and to assist in its assessment of employer applications.”³³

Thus, the OAG recommended that ESDC “should ensure that the additional labour market information on job vacancies and wages is available and used by the Temporary Foreign Worker Program. The Department should also develop clear and detailed guidance for program officers on how to use the information in their assessments of employer applications for temporary foreign workers.”³⁴

31 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0855.

32 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.59.

33 *Ibid.*, para. 5.61.

34 *Ibid.*, para. 5.62.



In its Detailed Action Plan, the Department committed to the following:

- “Integration of Wage Survey data into existing LMI tools (Prevailing Wages posted on Job Bank) used by the TFW Program – April 2018
- Implementation of a new LMI tool (that will integrate EI and other LMI data) to assist Program Officers in assessing the existence of a labour shortage –November 2018
- Implement updated guidance in support of the LMI tool for program officers –November 2018”³⁵

Further on these points, Louise Levonian added the following:

The department is also working to incorporate new sources of data into its assessment for applications. This includes making better use of data from Statistics Canada's job vacancy and wage survey. We're also incorporating private sector forecasts on sectors and regional labour market conditions into our assessment.

On wages, the Auditor General also flagged concerns in his report that the program may be negatively impacting Canadian wages. The program requires employers to advertise jobs at the median wage or higher for that occupation. Employers must therefore pay temporary foreign workers the same amount that Canadians would expect to be paid for the same job. Therefore, the program should not be putting downward pressure on Canadian wages, but we will continue to monitor this, as it is an important question.³⁶

Nevertheless, the Committee recommends:

RECOMMENDATION 5 – Regarding the guidance and use of additional labour market information

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to a) ensuring that additional labour market information on job vacancies and wages is available and used by the Temporary Foreign Worker Program; and b) developing clear and detailed guidance for program officers on how to use the information in their assessments of employer applications for temporary foreign workers.

35 Employment and Social Development Canada, [Detailed Action Plan](#), p. 3.

36 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0855.

Data Issue

[The OAG] reviewed a sample that included 34 applications from employers of fish and seafood processing plants [and] found that in some of these plants, the percentage gap between Canadians and temporary foreign workers was higher at the start of the season than at the end. This declining gap in the percentage suggested to [the Office] that Canadians were laid off while temporary foreign workers were employed, so [the OAG] reviewed applications from three plants where there was evidence that Canadians had been laid off. [The OAG] examined almost 500 ROEs issued by these plants over a three-year period and found that just over 80 percent of the Canadians they laid off had claimed EI at the same time as the plants were employing temporary foreign workers. This demonstrates that it is important for program officers to be able to use complete departmental labour market information when they assess an employer’s application to the program.

Source: Office of the Auditor General of Canada, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.56.

C. Use of Expanded Powers

Overall, the OAG found that the Department “increased its enforcement activities since announcing program reforms. However, it did not use the information it had to focus its activities on employers of the most vulnerable temporary foreign workers or employers that were most at risk of not complying with the program. [The OAG] also found that the Department did very few on-site inspections of employers” and that “when an enforcement activity resulted in a recommendation to take action against an employer, the recommendation could take months to go through all the levels of approval.”³⁷

The OAG considers this important because “the Department needs to use all relevant existing information to help it identify and investigate signs that employers are not complying with program rules.”³⁸ Consequently, it recommended that ESDC “should develop and implement a comprehensive risk-based framework to identify enforcement activities for all categories of temporary foreign workers. The framework should include investigating specific sectors where higher levels of risk may exist.”³⁹ The Department

37 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.63.

38 Ibid., para. 5.65.

39 Ibid., para. 5.71.



agreed with this recommendation and stated in its Detailed Action Plan that it had already implemented a risk model in April 2017.⁴⁰

Furthermore, Louise Levonian addressed this issue and explained the following:

On compliance and enforcement, the program has continued to strengthen its regime to help protect its workers from abuse and exploitation. Since April 1 of this year, we have undertaken a number of initiatives to improve the compliance regime. To better target our resources and efforts, we've launched a new risk-based predictive model to help identify who to inspect, prioritizing the highest-risk cases. More than 1,300 inspections that were launched this year have been identified using this model.⁴¹

Therefore, the Committee recommends:

RECOMMENDATION 6 – Regarding the guidance and use of additional labour market information

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to the implementation of its model to identify enforcement activities for all categories of temporary foreign workers, including initial results.

The OAG also recommended that the Department “should ensure that its investigators have access to and use Record of Employment and Employment Insurance information that could be pertinent to their investigations.”⁴² ESDC agreed with this recommendation and committed to the following in its Detailed Action Plan:

- Expanded availability of Record of Employment data (April 2017)
- Expanded use of Employment Insurance data and employer data (non-ROE) (April 2018)⁴³

Therefore, the Committee recommends:

40 Employment and Social Development Canada, [Detailed Action Plan](#), p. 3.

41 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0855.

42 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.71.

43 Employment and Social Development Canada, [Detailed Action Plan](#), p. 4.

RECOMMENDATION 7 – Regarding access to information for investigations

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to ensuring that its investigators have access to and use Record of Employment and Employment Insurance information that could be pertinent to their investigations.

Additionally, the OAG recommended that the Department “should work with provinces and territories to develop and finalize information-sharing agreements and use the information obtained to inform its enforcement activities.”⁴⁴ ESDC agreed with this recommendation and committed to developing an engagement plan by April 2017 and compiling provincial and territorial stakeholder feedback by December 2017.⁴⁵

Moreover, Louise Levonian added the following:

ESDC understands the importance of partnerships as well and is working with the provinces and territories to improve enforcement through information sharing. We have updated agreements with Ontario and Alberta that are already in place, and we are revising existing agreements with British Columbia, Saskatchewan, and Manitoba. We have also held consultations with provinces and territories on enhancing worker protections to better prevent abuse and exploitation of workers.⁴⁶

Thus, the Committee recommends:

RECOMMENDATION 8 – Regarding information sharing agreements

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to a) working with the provinces and territories to finalize and implement information-sharing agreements; and b) using the information obtained to inform enforcement activities.

44 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.76.

45 Employment and Social Development Canada, [Detailed Action Plan](#), p. 4.

46 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0855.



The OAG also found that ESDC’s “approach to on-site inspections was flawed because the Department always told employers about them well in advance.”⁴⁷ Furthermore, reforms implemented in 2014 “expanded the Department’s powers to inspect up to 21 program requirements and to act if employers were not meeting them”;⁴⁸ however, the OAG found that “the Department inspected employers for compliance with only 7 requirements – the 3 original requirements plus 4 others that were mainly administrative, such as whether employers provided all the required information and kept supporting documents.”⁴⁹

Thus, the OAG recommended that ESDC “should use its expanded powers to increase the scope of its inspections by ensuring that all the relevant conditions are covered. It should also conduct more on-site inspections and explore the option of conducting some without notice, to further enhance its ability to detect non-compliance.”⁵⁰

The Department agreed with this recommendation and stated in its action plan that it has increased the number of on-site inspections (of employers) and plans to complete a risk assessment and, “if appropriate, revise inspector guidelines and protocols and launch the implementation of new unannounced onsite inspections.”⁵¹ It should also be noted that during the hearing, ESDC announced that it was accelerating its plans to complete the assessment, from April 2018 to the fall of 2017.⁵²

This issue of introducing unannounced site inspections generated much discussion at the hearing. Specifically, members expressed concern about its implementation and possible consequences, such as how it could affect temporary foreign workers or put additional compliance strain on employers (especially small businesses). In response, Louise Levonian offered the following:

Unannounced on-site inspections are not something the department has done in the past, and it is something we want to tread into carefully. We don't want to put

47 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.80.

48 Ibid., para. 5.81.

49 Ibid., para. 5.82.

50 Ibid., para. 5.83.

51 Employment and Social Development Canada, [Detailed Action Plan](#), p. 5.

52 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0855.

employees at risk because those kinds of inspections can result in that. We need to consult with the unions. We need to establish the proper procedures in doing that.⁵³

Additionally, Paul Thompson offered the following:

We're figuring out the best ways to do that to make sure our employees' interests are dealt with as well as the interests of the businesses that we're visiting.⁵⁴

Although mindful of the inherent challenges that come with additional site inspections—including those that are unannounced—the Committee nevertheless believes they are of vital importance to protect the integrity of the TFWP. Hence, the Committee recommends:

RECOMMENDATION 9 – Regarding on-site inspections

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to a) increasing the scope of its inspections, by ensuring that all the relevant conditions are covered; b) increasing the number of on-site inspections; and c) the implementation and initial results of unannounced on-site inspections.

Lastly, the OAG noted that as a “deterrent to wrongdoing, the 2014 reforms allowed the Department to ban employers that broke program rules and to make their names public.”⁵⁵ However, the Office reported that such a “finding of non-compliance requires multiple approvals within the Department, with the Minister giving final approval,” with Department officials explaining that this “approval process was time-consuming, onerous, and administratively inefficient.”⁵⁶

Therefore, the OAG recommended that ESDC “should explore options to streamline and speed up its process of approving findings that identify employers as non-compliant.”⁵⁷

53 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0920.

54 *Ibid.*, 1030.

55 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.84.

56 *Ibid.*, para. 5.86.

57 *Ibid.*, para. 5.87.



The Department agreed with this recommendation and stated in its Detailed Action Plan that it had implemented a new national process in June 2017.⁵⁸

Therefore, the Committee recommends:

RECOMMENDATION 10 – Regarding streamlining the process to determine non-compliance

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to the new process of approving findings that identify employers as non-compliant.

D. Measuring the Results of the Temporary Foreign Worker Program and its Impact on the Labour Market

Regarding a performance management strategy for the TFWP, the OAG found that the Department did not have one in place, and therefore “could not measure or adequately report on the results of the program.”⁵⁹ As such, the Department “did not know whether the program was having unintended consequences, such as suppressing wages, allowing businesses to rely on foreign workers instead of hiring Canadians, or discouraging capital investment and innovation.”⁶⁰

As a result, the OAG recommended that ESDC “should finalize and implement its performance measurement strategy” and “conduct analyses to determine the Temporary Foreign Worker Program’s impact on the labour market.”⁶¹

The Department agreed with this recommendation and stated in its Detailed Action Plan that it had already developed and implemented its performance measurement strategy and that its “results will be used to support continuous program review and improvement.”⁶² Furthermore, the plan noted the following:

While the Department carefully tracks use of the Program by employers, analysis of the economic impacts given its complexity is best done through a rigorous program

58 Employment and Social Development Canada, [Detailed Action Plan](#), p. 6.

59 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.93.

60 Ibid., para. 5.98.

61 Ibid., para. 5.99.

62 Employment and Social Development Canada, [Detailed Action Plan](#), p. 6.

evaluation. Accordingly, the Department's Evaluation Plan calls for the Program to be evaluated in 2018 once adequate information is available on the impact of the 2014 reforms. The evaluation will examine the anticipated benefits of the Program on different sectors of the labour market.⁶³

In addition to explaining how the program should not put downward pressure on wages, Louise Levonian also offered the following caution (including repeating the program's requirements):

[The] program has evolved significantly. Because of all these pressures that are constantly evolving, it has different impacts on the labour market and on wages as it evolves. The primary thing we keep in mind is that when an offer is made, it has to be made at the median or above. Therefore, we would not expect there to be implications. However, that's not to say that there aren't many factors in play here.⁶⁴

Finally, Paul Thompson also provided the following explanation:

[There's] a rather a complex economic analysis to look at a counterfactual proposition. If the temporary foreign worker wasn't there, what would the wage have been? As I mentioned, we are working with academics on that question and we've also committed to do the best possible analysis in our upcoming program evaluation.⁶⁵

Given the potential impacts this program could have on wages and labour markets, the Committee recommends:

RECOMMENDATION 11 – Regarding the performance management strategy

That, within 120 days of the tabling of this report, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing what progress has been made with regard to the implementation and initial results of its performance measurement strategy.

RECOMMENDATION 12 – Regarding potential effects on wages

That, within 120 days of the completion of the 2018 evaluation of the Temporary Foreign Worker Program, *Employment and Social Development Canada* provide the House of Commons Standing Committee on Public Accounts with a report outlining the program's impact on wages and labour markets.

63 Ibid., pp. 6-7.

64 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 31 October 2017, [Meeting 75](#), 0940.

65 Ibid., 1035.



ADDITIONAL OBSERVATIONS

It should be noted that the OAG acknowledged that ESDC implemented measures to limit employers' access to the program, resulting in a reduction of temporary foreign workers entering Canada.⁶⁶ This is considered important, as employers should make "efforts to hire and train Canadian workers and to use the program only as intended – as a last resort."⁶⁷ Consequently, the OAG made no recommendations in this area.⁶⁸

CONCLUSION

The Committee finds that ESDC's management of the Temporary Foreign Worker Program was incomplete. Although the Department implemented measures that reduced the number of temporary foreign workers approved, "its review of employers' applications to the program and its inspections to make sure employers that hired temporary foreign workers complied with program requirements were not sufficient."⁶⁹

To that end, the Committee has made 12 recommendations that aim to address the concerns raised by the OAG. Furthermore, the Committee will continue to monitor ESDC's progress through a review of its forthcoming response to this report.

66 OAG, [Report 5 – Temporary Foreign Worker Program – Employment and Social Development Canada](#), of the Spring 2017 Reports of the Auditor General of Canada, para. 5.16.

67 Ibid., para. 5.18.

68 Ibid., para. 5.19.

69 Ibid., para. 5.100.

SUMMARY OF RECOMMENDED ACTIONS AND ASSOCIATED DEADLINES

Table 1 – Summary of Recommended Actions and Associated Deadlines

Recommendation	Recommended Action	Deadline
Recommendation 1	<i>Employment and Social Development Canada</i> needs to provide the Committee with a report detailing what progress has been made a) resulting from the implementation of the revised employer recruiting policy; and b) with regard to program officers being better able to verify the accuracy of employers' statements.	120 days after the tabling of this report in the House of Commons
Recommendation 2	ESDC needs to provide the Committee with a report detailing what progress has been made with regard to ensuring that employers only use the TFWP as a last resort.	120 days after the tabling of this report in the House of Commons
Recommendation 3	ESDC needs to provide the Committee with a report detailing what progress has been made with regard to the implementation of a permanent quality assurance framework for the TFWP, as well as its preliminary results.	120 days after the tabling of this report in the House of Commons
Recommendation 4	ESDC needs to provide the Committee with a report detailing what progress has been made with regard to TFWP officers having access to relevant and current Employment Insurance data and sufficient Record of Employment data for use in their assessments of employer applications for temporary foreign workers.	120 days after the tabling of this report in the House of Commons



Recommendation 5	ESDC needs to provide the Committee with a report detailing what progress has been made with regard to a) ensuring that additional labour market information on job vacancies and wages is available and used by the TFWP; and b) developing clear and detailed guidance for program officers on how to use the information in their assessments of employer applications for temporary foreign workers.	120 days after the tabling of this report in the House of Commons
Recommendation 6	ESDC needs to provide the Committee with a report detailing what progress has been made with regard to the implementation of its model to identify enforcement activities for all categories of temporary foreign workers, including initial results.	120 days after the tabling of this report in the House of Commons
Recommendation 7	ESDC needs to provide the Committee on Public Accounts with a report detailing what progress has been made with regard to ensuring that its investigators have access to and use Record of Employment and Employment Insurance information that could be pertinent to their investigations.	120 days after the tabling of this report in the House of Commons
Recommendation 8	ESDC needs to provide the Committee with a report detailing what progress has been made with regard to a) working with the provinces and territories to finalize and implement information-sharing agreements; and b) using the information obtained to inform enforcement activities.	120 days after the tabling of this report in the House of Commons

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Recommendation 9	ESDC needs to provide the Committee with a report detailing what progress has been made with regard to a) increasing the scope of its inspections, by ensuring that all the relevant conditions are covered; b) increasing the number of on-site inspections; and c) the implementation and initial results of unannounced on-site inspections.	120 days after the tabling of this report in the House of Commons
Recommendation 10	ESDC needs to provide the Committee on Public Accounts with a report detailing what progress has been made with regard to the new process of approving findings that identify employers as non-compliant.	120 days after the tabling of this report in the House of Commons
Recommendation 11	ESDC needs to provide the Committee on Public Accounts with a report detailing what progress has been made with regard to the implementation and initial results of its performance measurement strategy.	120 days after the tabling of this report in the House of Commons
Recommendation 12	ESDC needs to provide the Committee with a report outlining the TFWP's impact on wages and labour markets.	120 days after the completion of the 2018 TFWP evaluation

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Office of the Auditor General Michael Ferguson, Auditor General of Canada Glenn Wheeler, Principal	2017/10/31	75
Department of Employment and Social Development Elise Boisjoly, Assistant Deputy Minister, Integrity Services Branch Louise Levonian, Deputy Minister Leslie MacLean, Senior Associate Deputy Minister and Chief Operating Officer for Service Canada Paul Thompson, Senior Assistant Deputy Minister, Skills and Employment Branch		

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 75 and 83](#)) is tabled.

Respectfully submitted,

Hon. Kevin Sorenson
Chair

