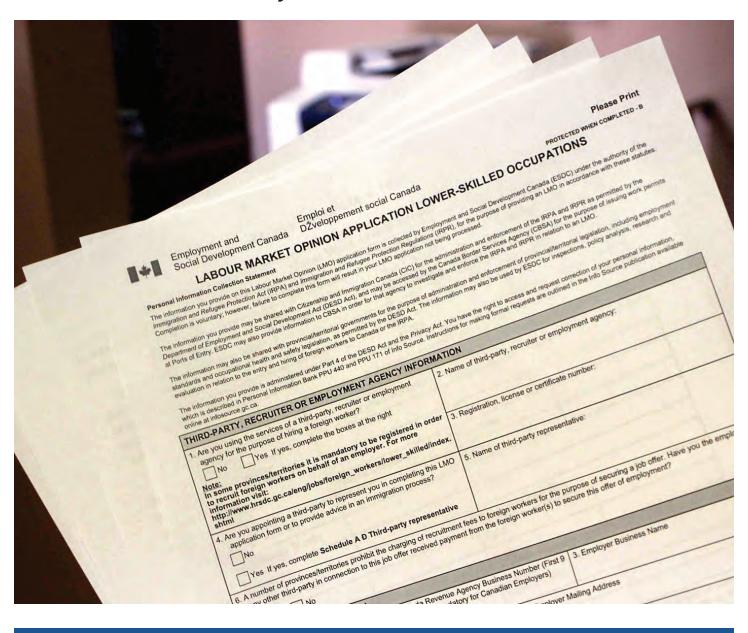
Temporary Foreign Workers

in Saskatchewan's "Booming" Economy

By Dr. Andrew Stevens





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About the Author

Andrew Stevens is an Assistant Professor in the Faculty of Business Administration and the Department of Sociology at the University of Regina. His recent book, *Call Centers and the Global Division of Labor* (Routledge, 2014) looks at the emergence of information technology unionism in India and Canada along with the growth of these countries as leading destinations for the offshoring and outsourcing of call centre employment. Andrew is currently researching the effects of back-to-work legislation at Air Canada, as well as the development of anti-union legislation in Canada. He co-edits the labour news blog, *www.RankandFile.ca*.

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Introduction

In a surprise move intended to curb the growing public outrage against the scandal-plagued Temporary Foreign Worker Program (TFWP), Minister of Employment and Social Development Canada (ESDC), Jason Kenney, announced the suspension of the food services sector from the program in April of 2014. Citing "abuse" by employers, Kenney has since introduced further reforms affecting employers accessing lowskilled temporary foreign workers. These changes include an increase to the processing fee from \$275 to \$1,000 per Labour Market Opinion (LMO), caps on the allowable percentage of foreign workers employed in a single workplace, indexing the minimum wage rate to regional median incomes, as well as a requirement for employers to consult with unions in unionized workplaces. The new rules also bar retail and food service employers from accessing foreign workers in regions where the unemployment rate is 6% or higher.² There is even a promise to expand the inspection regime along with increased fines and the consideration of imprisonment as penalties for violations of Program rules. Leading up to the announcement of these sweeping new measures, the influential business lobby made it clear that

they opposed any new requirements that would burden employers with administrative obstacles when accessing foreign workers. President of the Canadian Federation of Independent Business (CFIB), Dan Kelly, went so far as to accuse Minister Kenney of being a "union sympathizer" when word spread that reforms were being considered.³

The government's decision to conduct a broader review of the TFWP has followed a string of revelations that businesses across the country were replacing Canadian employees with temporary foreign workers (TFWs). Between 2013 and 2014, flagship franchises like McDonald's and even financial giant Royal Bank and Canada were mired in scandal as the media drew attention to their use of the Program to ostensibly replace an existing, domestic, workforce with foreign workers. One of the recent high profile cases involved a Weyburn, Saskatchewan restaurant accused of dismissing its workforce only to re-hire TFWs after a period of business restructuring. The two servers who accused their employer of "reverse racism" received national attention when they were brought to testify before the standing committee of finance this spring.4

"Most temporary foreign workers in Saskatchewan (62%) are employed in service-producing industries, with accommodation and food services (23%) as the single largest employer by industry."



Minister of Employment and Social Development Canada (ESDC), Jason Kenney

Sensational stories such as these, however, have been preceded by dozens of cases of fraud, health and safety violations, breaches of employment standards, government blacklisting of union organizers, and violations of provincial and federal immigration regulations related to the TFWP since at least 2007. International Manpower, a global recruitment and placement agency, was even so bold as to draft a letter cautioning clients about the sense of entitlement that foreign workers might develop the longer they spend in Canada. Throughout 2012 Canada's signature food service brand, Tim Horton's, made headlines when allegations

of human rights abuses and other violations surfaced throughout the country. In one Saskatchewan example, workers employed by the franchise were forced to live in a basement suite owned by the employer's friend. The owner was even making illegal deductions from the workers' pay cheques, but the issue was finally resolved and "made whole" once the Labour Standards Division was involved.8 Yet, despite the mounting evidence of systematic exploitation of the Program and of workers, only five employers in Canada have had their right to employ temporary foreign workers revoked or suspended, all since April 2014.9 These examples have shown that provincial and federal governments have failed in their duty to uphold and enforce the labour and related legislation ostensibly designed to protect foreign and domestic workers alike. Instead, the media, notably the CBC, has been tasked with forcing ministers and their respective agencies to act on evident violations of the law.

The Tim Horton's case is important because the expansion of TFWs into this sector of the economy, fast food and food services, is a departure from the traditional geography of temporary foreign work in Canada and the province specifically. It is also part of a constellation of systemic issues facing foreign workers and permanent residents throughout the country. In Saskatchewan, there have been no less than 200 cases of exploitation

"In 2005 there were just 45 foreign workers employed in food services and accommodation, but by 2012 that number jumps to nearly 2,300, or a 4900% increase."

of foreign workers investigated by the Ministry of the Economy's Program Integrity and Legislation Unit since 2008.10 The Unit, which is tasked with protecting the rights of immigrants in the province, oversees the Foreign Worker Recruitment and Immigration Services Act (FWRISA) established by the Saskatchewan government in 2013 to protect new Canadians from nefarious immigration agents and recruiters.11 In seventy of these cases, the primary concern was directed at third party representatives, such as immigration consultants and recruiters. Consequently, several of these representatives have been suspended from using the Saskatchewan Immigrant Nominee Program (SINP), which facilitates the recruitment, nomination, and processing of new Canadians to the province.

Media coverage of these now-routine scandals in Saskatchewan exposed the increasing reliance on temporary foreign workers in the province. This is part of a policy shift developed in the Conservative's 2007 budget that prioritized the TFWP as a means of alleviating labour shortages in Western Canada's resource economy. 12 Using a combination of the growth of wages in flagship industries like natural resources and construction, inaccurate labour market data,13 as well as the second highest job vacancy rate in Canada,14 business groups continue to argue that the Temporary Foreign Workers Program is necessary to meet their labour market needs.15 Between 2008 and 2012, the number of foreign workers present in Saskatchewan more than doubled from 3,690 to 9,995, representing the highest rate of growth in the country. 16 These developments also illustrate the complex legislative and regulatory terrain in which the TFWP, and foreign workers



themselves, operate. While the program falls under the jurisdiction of the federal government, the employment standards and labour relations regime that oversees the rights of all workers is located primarily at the provincial level.¹⁷ Yet, the labour market to which even low-wage employers and industries, like McDonald's and Tim Horton's, have become accustomed is now global. This development has been facilitated by the relative inexpensiveness of using the TFWP that allows a growing number of employers to make foreign, low-wage workers a fixture of their business model.¹⁸ Furthermore, the conditions of work facing foreign workers sensationalized by the media are reflections of conditions already evident in particular workplaces and industries, albeit amplified by the precarious status of temporary foreign workers. For these reasons temporary foreign workers, and the Program as a whole needs to be situated in the broader economic fabric of Saskatchewan.



Economic growth and in-migration are relatively new phenomena in Saskatchewan. The province's population exceeded 1 million for the first time since 1986 in 2012. Saskatchewan's low unemployment rate, at 3.6%, has been matched by increases in average weekly earnings that are second only to Alberta, the traditional comparator province for policy makers in the province.¹⁹ In March 2014, average weekly earnings reached \$975.99, up 1.5% from a year earlier and above the national average of \$932.69.20 In 2013, service-producing industries accounted for about 50% of the province's \$58 billion (in 2007 chained dollars) GDP, while industries in mining, quarrying, oil and gas extraction alone directly make up 25% of GDP (CANSIM 379-0028).21 In 2013, Saskatchewan's GDP rose by 4.8%, second only to Newfoundland and Labrador's 7.9%.²²

Despite the overall economic significance of the natural resource sector, just 5% of the workforce was directly employed in these industries in May 2014, or about 26,400 workers.²³ The

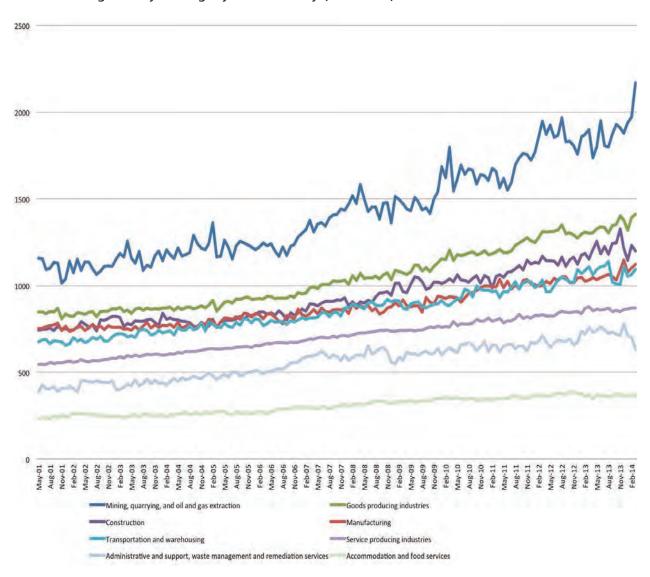
overall goods-producing sector employed 85,000 workers compared to 386,000 in services. Trade is the single largest employer by industry, employing some 88,835 workers, followed by health care and social assistance (85,979), educational services (43,546), public administration (42,937), and accommodation and food services (36,009).²⁴ Overall employment in the province grew by 2.1% between May 2013 and 2014, with employment in utilities expanding by 28.6%, followed by business, building and other support services, which grew by 12.3%.25 By occupational category, however, approximately 120,200 workers were employed in sales and services, constituting 26% of total employment.26

Average weekly earnings had reached \$2,168.89 for the economy's star performers in mining, quarrying, and oil and gas extraction, followed by \$1,199.44 in construction, up 14.2% and 4.0% respectively between March 2013 and 2014. Overall, the goods producing industries

experienced average earning growth of 8.5% between 2013 and 2014. But these figures mask the extent of wage inequality in Saskatchewan's labour market. In service producing industries, which employ nearly three quarters of all workers in Saskatchewan, average weekly earnings fell by 0.9%, to \$871.20. The lowest paying industry, accommodation and food services, experienced a 0.8% drop in average weekly earnings, falling

to \$368.99, just as employment in the industry grew by 2.33% in that same period.²⁷ Wages in this industry have stagnated since 2010, growing just under 7% in the last four years compared to provincial average of around 16% over the same period (Table 1). It in is this low-wage industry where much of the growth in the number of TFWs has occurred.

Table 1: Average weekly earnings by select industry (2001-2014)

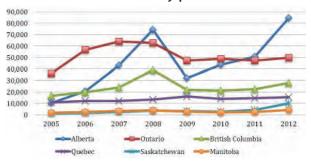


Statistics Canada, CANSIM Table 281-0063

Temporary Foreign Workers in Saskatchewan

Around 2005 the Western region experienced a "boom" in TFWs. In Alberta alone, the number of TFWs increased from around 10,000 to nearly 75,000 between 2005 and 2008, before declining briefly during the Great Recession. By 2012, 37% of foreign workers were employed in Canada's four Western provinces. There are now an estimated 90,000 TFWs employed in Alberta. While most TFWs have historically worked for employers in Ontario, in 2008 Alberta surpassed Canada's largest economy as the leading host for foreign workers by LMO, with approximately 74,000 foreign workers compared to Ontario's 62,000 that same year (Table 2).

Table 2: Number of TFWs by province

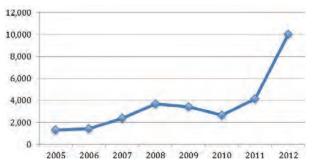


Employment and Social Development Canada, 2012²⁸

Around 2011, meanwhile, Saskatchewan has overtaken Manitoba as possessing the fifth largest temporary foreign worker population after Quebec. In fact, since 2005 the number of foreign workers in Saskatchewan has climbed 647% compared to a national growth rate of 146% over the same period, ranking Saskatchewan as the fastest growing destinations for TFWs (Table 3). Based on the most recent estimates there are nearly 10,000 TFWs employed in Saskatchewan compared to just 1,300 in 2005, with most of that increase taking place

since 2010. Of this population, about 41% are employed primarily in Saskatoon and Regina, with the remainder spread out throughout the province.

Table 3: Number of TFWs in Saskatchewan



Employment and Social Development Canada, 2012²⁹

Most temporary foreign workers in Saskatchewan (62%) are employed in service-producing industries, with accommodation and food services (23%) as the single largest employer by industry, followed by construction (20%), administrative and support services (13%), manufacturing (10%), and transportation and warehousing (8%). Mining and oil and gas extraction, meanwhile, accounts for just 1%, or just 145 of the total number of TFWs in the province (Table 4). The rate of growth of TFWs in food services and accommodations is noteworthy. In 2005 there were just 45 foreign workers employed in the sector, but by 2012 that number jumps to nearly 2,300, or a 4900% increase! In just one year, between 2007 and 2008, accommodation and food services went from the fifth major employer of TFWs by industry to number one, where it currently remains (Table 4). Consider that total employment in food services rose by 2,094 between 2010 and 2012, meaning that foreign workers account for a majority of this growth.

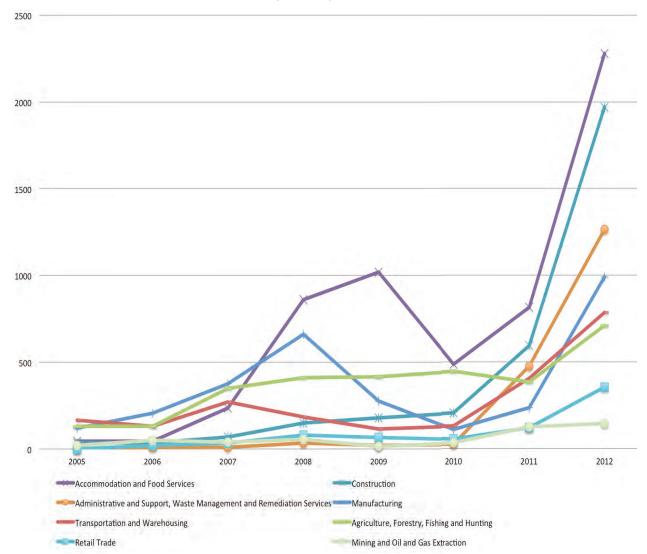
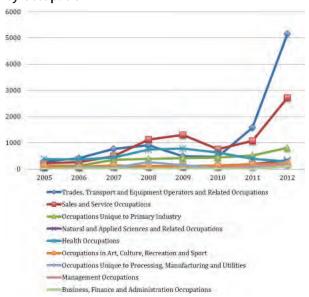


Table 4: Number of TFWs in Saskatchewan by industry

Employment and Social Development Canada, 2012³⁰

"In fact, since 2005 the number of foreign workers in Saskatchewan has climbed 647% compared to a national growth rate of 146% over the same period, ranking Saskatchewan as the fastest growing destinations for TFWs."

Table 5: Number of TFWs in Saskatchewan by occupation



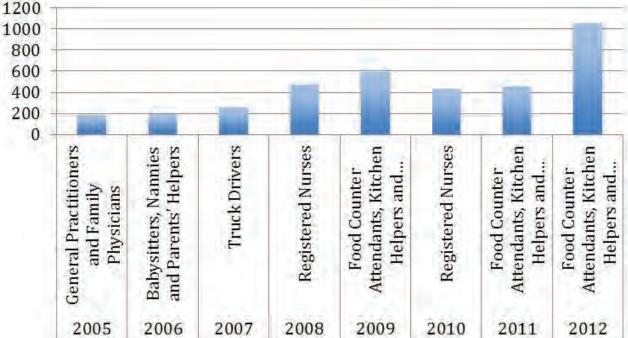
Employment and Social Development Canada, 2012³¹

Another way of identifying areas of growth is by occupational category. In 2012, just over half of all TFWs in the province were trades, transport

and equipment operator occupations, compared to 27% in sales and service occupations and 8% in occupations unique to the primary industry (Table 5).

It is clear that since 2005 there has been a shift towards occupations specific to food services. Between 2005 and 2012, food counter attendants, kitchen helpers and related occupations registered as the top occupational group by number of foreign workers in Saskatchewan in three of the eight years. Over that time, there were 2,780 TFWs in these food service-related occupations, followed by a collection of building trades (2,600), registered nurses (1,890), truck drivers (1,710), general farm workers (1,500), and babysitters and nannies (1,470) (Tables 6 and 7). Indeed, the top TFW occupations have shifted from high skilled health care practitioners to food service workers, giving substance to the claim that the Program is being used to feed industries that are hungry for low-wage (and largely non-unionized) labour.

Table 6: Top occupational group by number of TFWs 1200



Employment and Social Development Canada, 2012³²

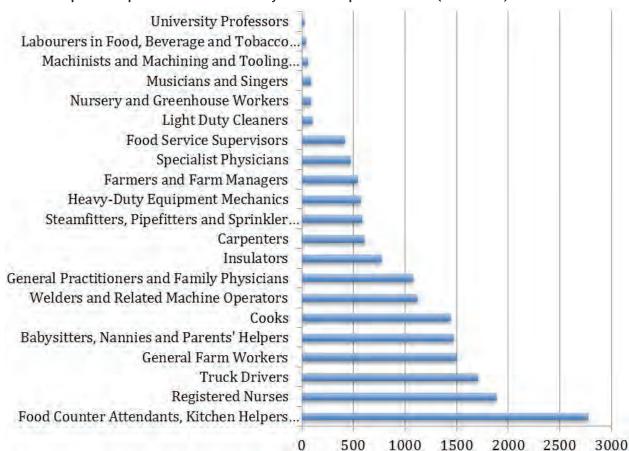
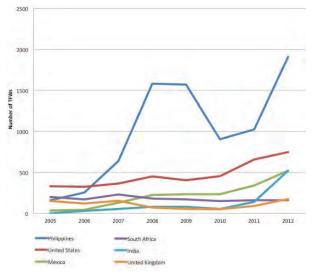


Table 7: Top 10 occupational classifications by number of positive LMOs (2005-2012)

Employment and Social Development Canada, 2012³³

"The top TFW occupations have shifted from high skilled health care practitioners to food service workers, giving substance to the claim that the Program is being used to feed industries that are hungry for low-wage labour." Although the federal government does not post aggregate data of wage rates afforded to temporary foreign workers through positive LMOs, Accelerated Labour Market Opinion (ALMO) data published by the CBC in 2013 offers a snapshot of pay ranges. According to the details furnished through this access to information request, hourly wages averaged around \$25, with a low of \$11 listed by McDonald's to a peak of \$225 offered by an information technologyconsulting firm.³⁴ However, for companies that already employed one or more TFWs from the Philippines, the leading source country for foreign workers in Saskatchewan, the average hourly wage drops significantly to around \$15 (Table 8).35 Of the 611 employers who submitted

Table 8: Country of Citizenship (TFWs in Saskatchewan)

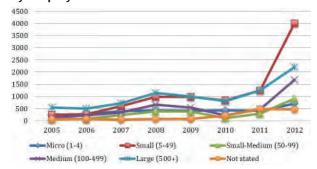


Employment and Social Development Canada, 2012³⁶

an ALMO between April 2012 and 2013, 69% already employed one or more TFWs. The University of Saskatchewan, Brandt Industries, and El-Rancho Food and Hospitality (KFC) were identified in the list as employing the leading number of foreign workers, with 150, 85, and 53 respectively in this period.

Since 2005 there has been a threefold increase in the number of unique LMOs submitted by employers, from 510 to 1,645 in 2012. Another important dimension of this increase is the size of the companies employing temporary foreign workers in Saskatchewan. In 2005, large organizations with over 500 employees were the predominant employers of TFWs (or 42% of the total) followed by medium enterprises (or 10% of the total) with between 100 and 499 employees. By 2012 these figures shift to 22% and 17% respectively. Micro to small-medium enterprises with between 1 and 100 employees, meanwhile, now account for 56% of organizations employing foreign workers, compared to 65% nationally (see Table 8). This might help explain the growing significance of the CFIB, which represents 109,000 small business owners across Canada, as a leading advocate for the foreign worker program (Table 9).

Table 9: Number of TFWs in Saskatchewan by employer size

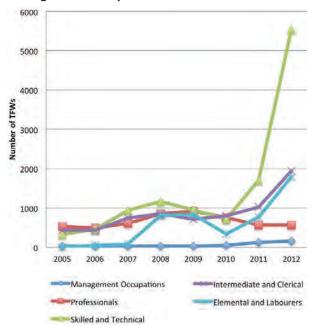


Employment and Social Development Canada, 2012³⁷

Conclusion

It is clear that temporary foreign workers have become a fixture in Saskatchewan's low-wage economy, led by the vast food services and accommodations industry. This does not suggest, however, that all TFWs function as a low-skill pool of labour, as Table 10 demonstrates.

Table 10: TFWs in Saskatchewan by management occupation and skill level



Employment and Social Development Canada, 2012³⁸

The available data does show that there is a division of temporary foreign labour premised on country of origin, with a bulk of workers from India and the Philippines, especially, occupying a disproportionate number low-wage jobs. Such developments reflect a racial division of work throughout a handful of industries that have come to reflect the history of Canada's oldest foreign worker program, the Seasonal Agricultural Worker Program. For these reasons it is important to recognize the regime of employment standards and labour relations in

which foreign workers live and work. Specifically, to what extent is the newly implemented *Saskatchewan Employment Act* ready to address the modern realities of a growing foreign workforce and low wage employment. As UFCW organizer and activist, Pablo Godoy points out, the current juncture in the TFWP requires a broader discussion about the conditions of work, solidarity with foreign workers and new Canadians, as well as an examination of the state of unions and collective bargaining in Canada.³⁹ This will require both organized labour and government to include foreign workers themselves in the conversation about the future of the Program in Canada's economy.



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