



Research to Insights: Temporary Foreign Workers in Canada

November 27, 2024

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About *Research to Insights*

The *Research to Insights* series of presentations features a broad range of findings on selected research topics. Each presentation draws from and integrates evidence from various studies that use innovative and high-quality data and methods to better understand relevant and complex policy issues.

Based on applied research of valuable data, the series is intended to provide decision makers, and Canadians more broadly, a comprehensive and horizontal view of the current economic, social and health issues we face in a changing world.

Correction Notice

In the presentation “Research to Insights: Temporary Foreign Workers in Canada” published on November 27, 2024, an error was found in Chart 3.

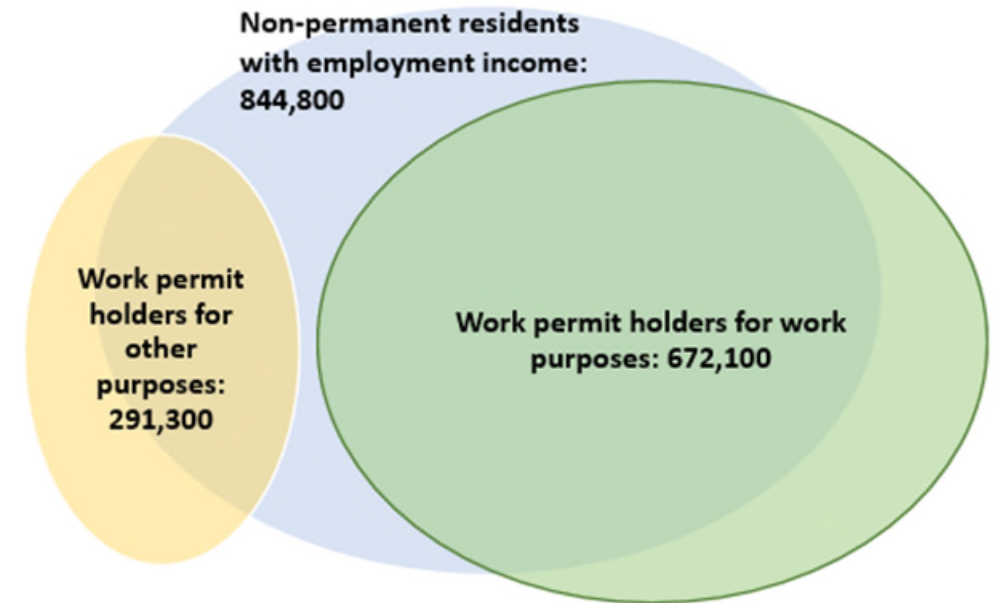
The following correction has been made:

In Chart 3, the legend text has been changed from “Study permit holders, without a work permit” to “Study permit holders, with a work permit”.

Temporary foreign workers include work permit holders, study permit holders and asylum claimants who are engaged in work activity in Canada

- Temporary foreign workers are non-permanent residents with employment income in Canada who may hold permits for work, study or other purposes.
- Work permit holders fall under the Temporary Foreign Worker Program (TFWP) and the International Mobility Program (IMP). Some IMP permits are not for work purposes.
- Not all work permit holders worked each year in Canada. About 87% of TFWP permit holders and 69% of IMP permit holders for work purposes had earnings in 2021.
- In 2021, 58% of non-permanent residents holding both work and study permits worked, while 34% of those holding only study permits worked.
- Holders of permits for non-work purposes accounted for 42% of temporary foreign workers in 2021, most of them being international students.

Figure 1
Intersection of work permit holders and non-permanent residents with employment income, 2021



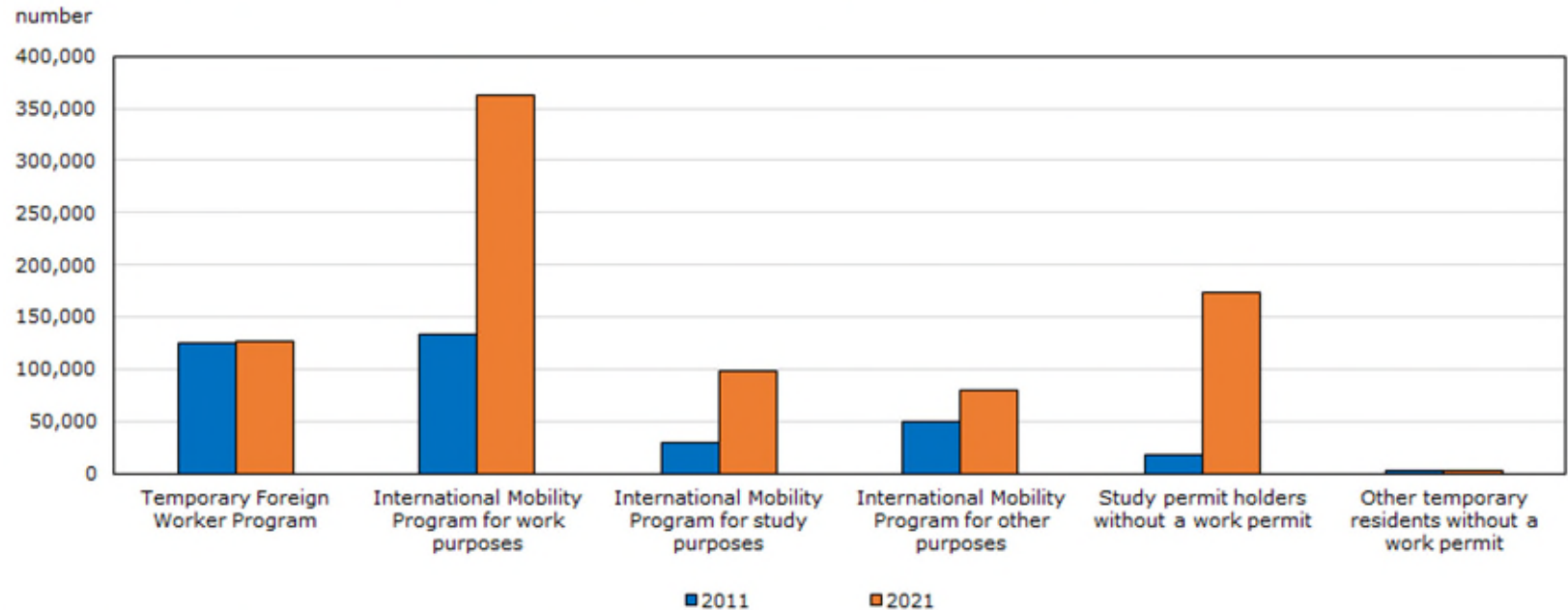
Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information: [Foreign workers in Canada: Work permit holders versus employment income records, 2010 to 2022.](#)

Large increase in numbers of temporary foreign workers, especially in recent years

- In the third quarter of 2024, 3 million non-permanent residents were present in Canada. If their employment incidence remained at the 2021 level, half of them would have employment income.
- The number of temporary foreign workers increased from 356,000 in 2011 to 845,000 in 2021.
- Study permit holders with or without work permits accounted for 46% of the increase in temporary foreign workers from 2011 to 2021. The IMP for work purposes accounted for 47% of the increase, mostly from the Post-Graduation Work Permit (PGWP) program.

Chart 1
Number of non-permanent residents with employment income, 2011 to 2021



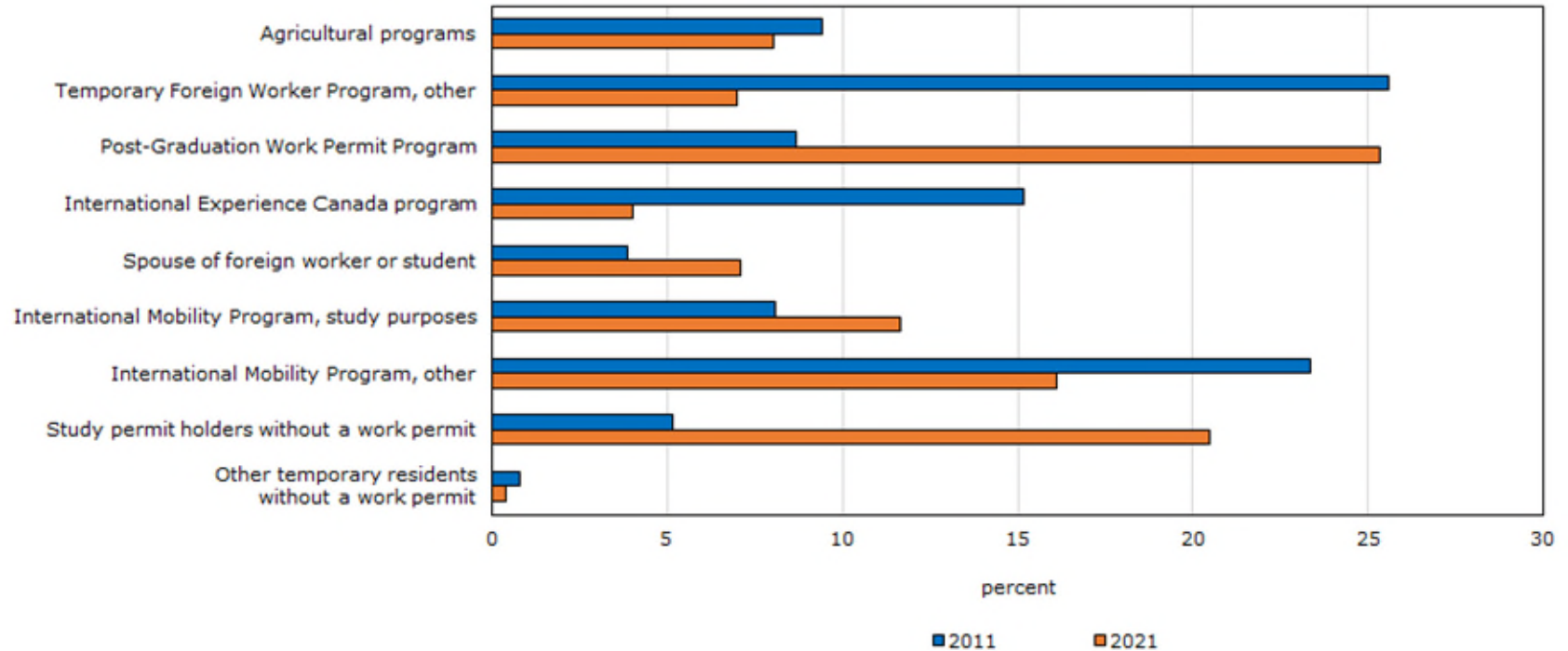
Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information on work permit holders: [Foreign workers in Canada: Changing composition and employment incidences of work permit holders.](#)

Study-related permit holders made up most of temporary foreign workers

- The share of the TFWP, including agricultural programs, decreased from 35% in 2011 to 15% in 2021.
- Study-related permit holders (including those with work permits for study purposes and those who later applied for the PGWP program) and spouses of study permit holders made up 60% of temporary foreign workers in 2021, up from 24% in 2011.

Chart 2
Composition of temporary foreign workers by permit type, 2011 and 2021



Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information on work permit holders: [Foreign workers in Canada: Changing composition and employment incidences of work permit holders.](#)



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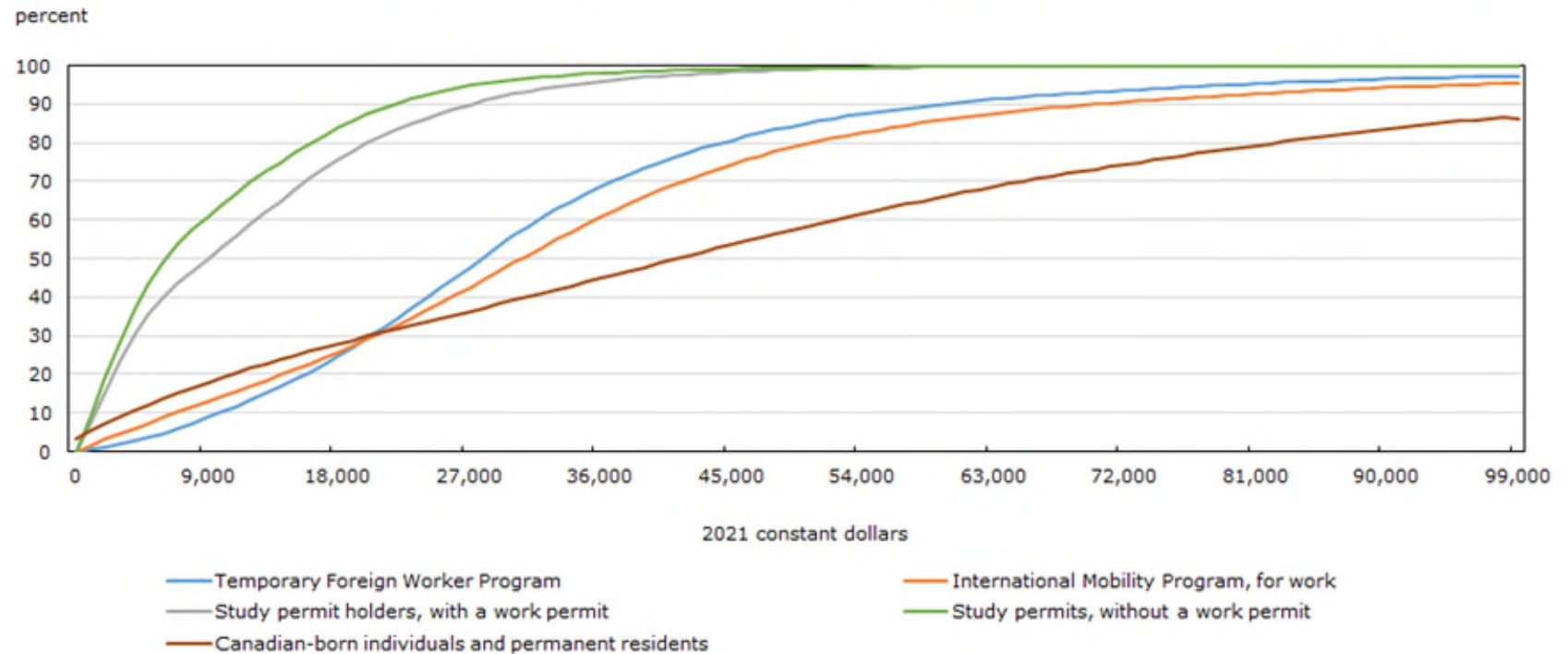
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While the number of study permit holders with employment soared, most were not strongly attached to the labour force

- Many temporary foreign workers work only part time or part of the year because of program restrictions, permit length or other reasons.
- Close to three-quarters of temporary foreign workers holding permits for work purposes and almost all of those holding permits for study purposes earned less than the median annual earnings of all Canadian workers (\$42,000) in 2021.
- About half of temporary foreign workers holding only study permits earned \$6,000 or less in 2021, implying weak attachment to the labour market.

Chart 3
Cumulative distribution of paid employment income among temporary foreign workers by program type, 2021



Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information: [Foreign workers in Canada: Labour force attachment among temporary residents with paid employment in 2019.](#)



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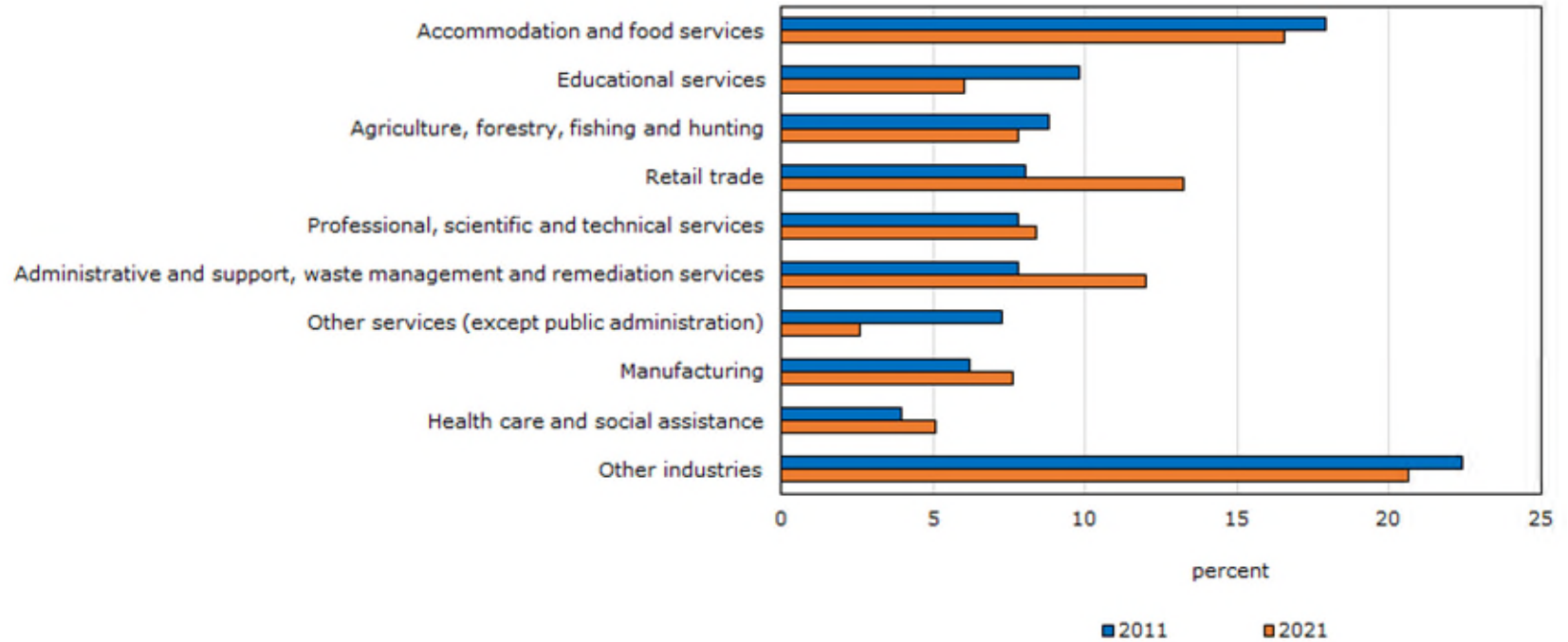
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A notable shift in paid employment patterns of temporary foreign workers towards low-paying industrial sectors

- Close to 140,000 temporary residents were employed in accommodation and food services in 2021, accounting for 17% of all temporary foreign workers.
- The significant increase in the number of study permit holders contributed to the rapid growth in foreign workers employed in retail trade and in administrative and support, waste management and remediation services, which usually pay at a low wage rate.
- The share of temporary foreign workers employed in the above three sectors increased from 34% in 2011 to 42% in 2021.

Chart 4
Distribution of temporary foreign workers across industrial sectors, 2011 and 2021



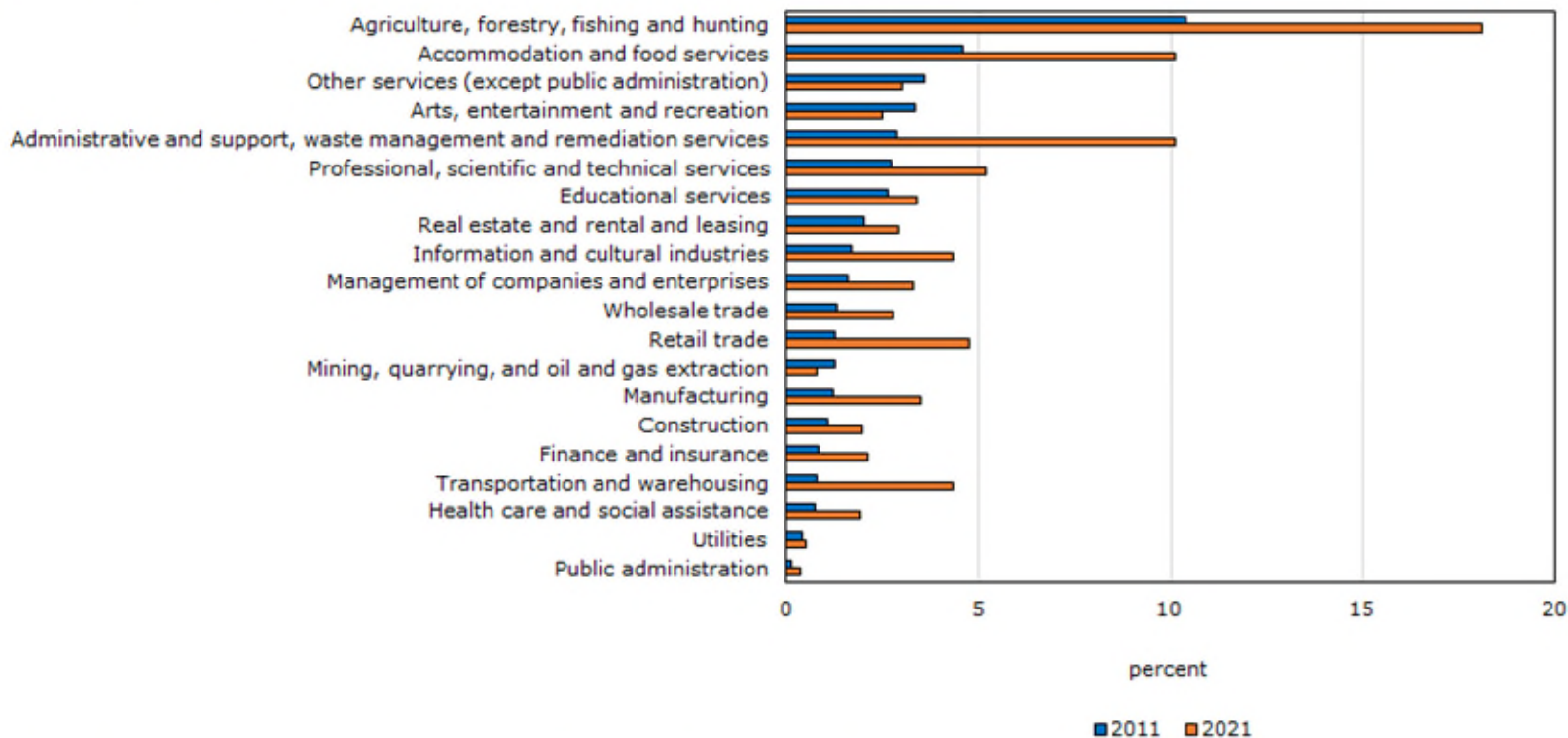
Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information: [Foreign workers in Canada: Distribution of paid employment by industry.](#)

Temporary foreign workers became a growing source of labour supply in most industrial sectors over the last decade

- In 2021, temporary foreign workers accounted for 4.1% of all paid workers in Canada, up from 1.9% in 2011.
- Foreign workers, primarily from the TFWP, made up 18% of all paid workers in the agriculture, forestry, fishing and hunting sector.
- About 10% of the workforce in accommodation and food services and in administrative and support, waste management and remediation services were foreign workers.
- The transportation and warehousing, retail trade, and manufacturing sectors also posted rapid growth in the share of foreign workers in the workforce.

Chart 5
Share of foreign workers by industrial sector, 2011 and 2021



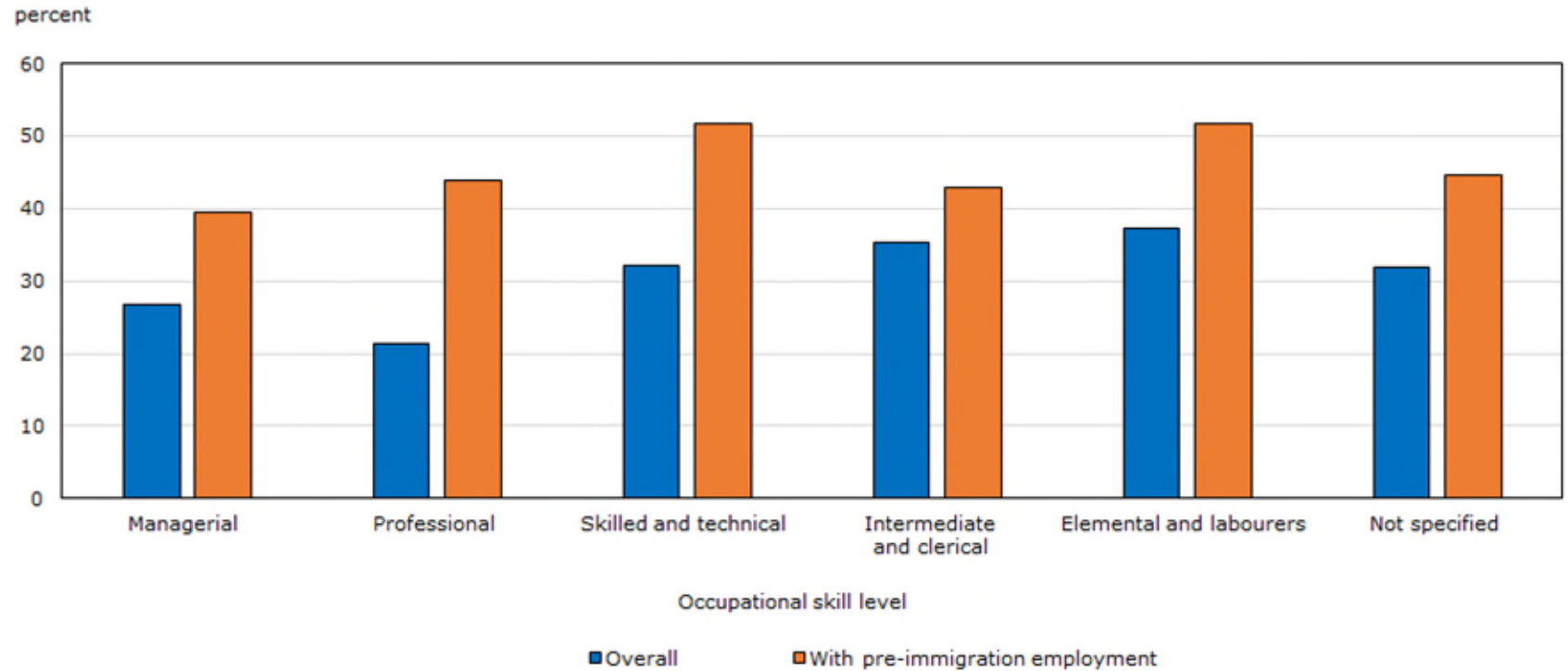
Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information: [Foreign workers in Canada: Distribution of paid employment by industry.](#)

Having employment is associated with higher rates of transition to permanent residency for work permit holders

- About 31% of work permit holders who arrived since 2010 had obtained permanent residency by 2022.
- Work permit holders with occupations at intermediate or elemental skill levels had higher transition rates than those with managerial or professional occupations.
- Having employment income (including self-employment) in Canada before immigration significantly increased the transition to permanent residency for all skill levels.

Chart 6
Rates of transition to permanent residency by 2022 among work permit holders who arrived since 2010



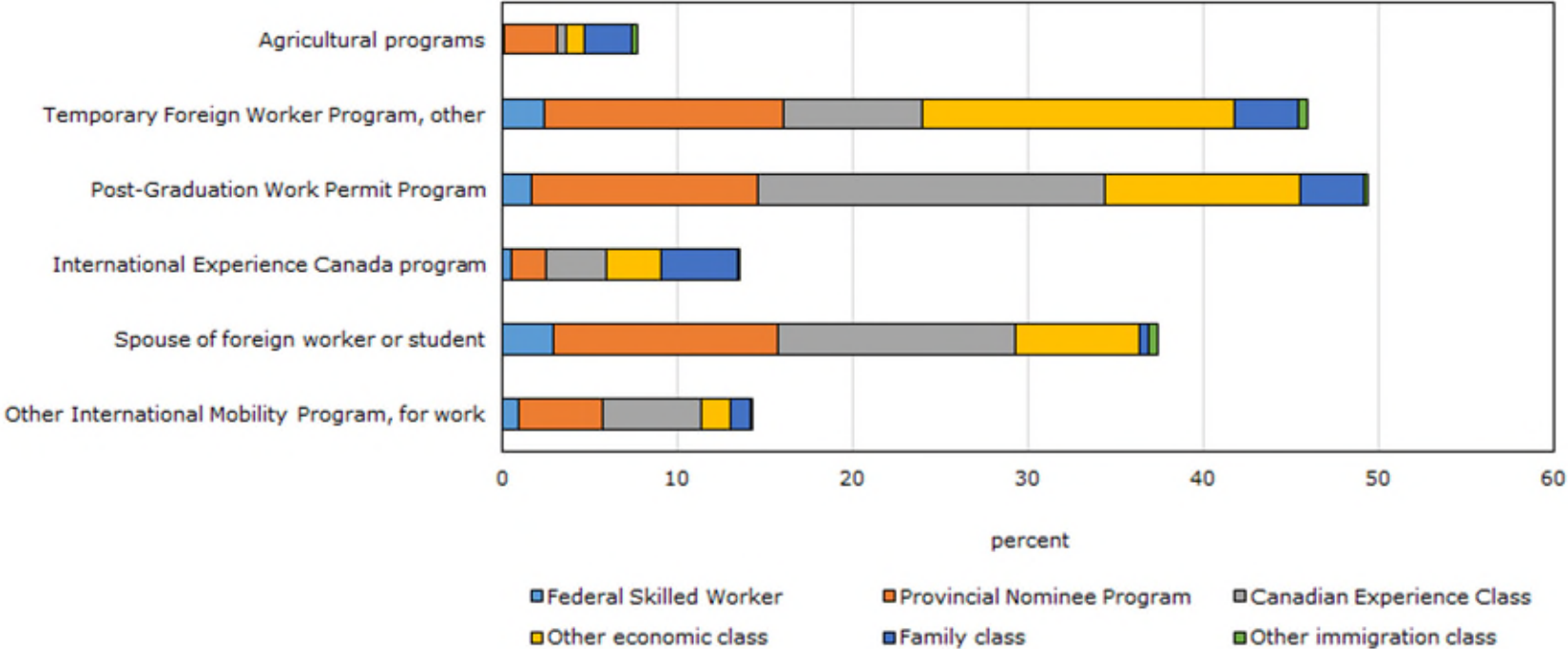
Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information: [Transition to permanent residency by lower- and higher-skilled temporary foreign workers.](#)

Large variation in transition rates and pathways to permanent residency by type of work permit holder

- About 8% of agricultural work permit holders made the transition to permanent residency by 2022, mainly via the Provincial Nominee Program (PNP) and family class.
- Close to 50% of PGWP program permit holders made the permanent residency transition.
- The PNP and the Canadian Experience Class have emerged as the primary transition pathways, mostly driven by the substantial expansion of the PGWP program and by spouses or common-law partners of skilled workers and students.

Chart 7
Rates of transition to permanent residency and immigration class by permit program among work permit holders who arrived since 2010



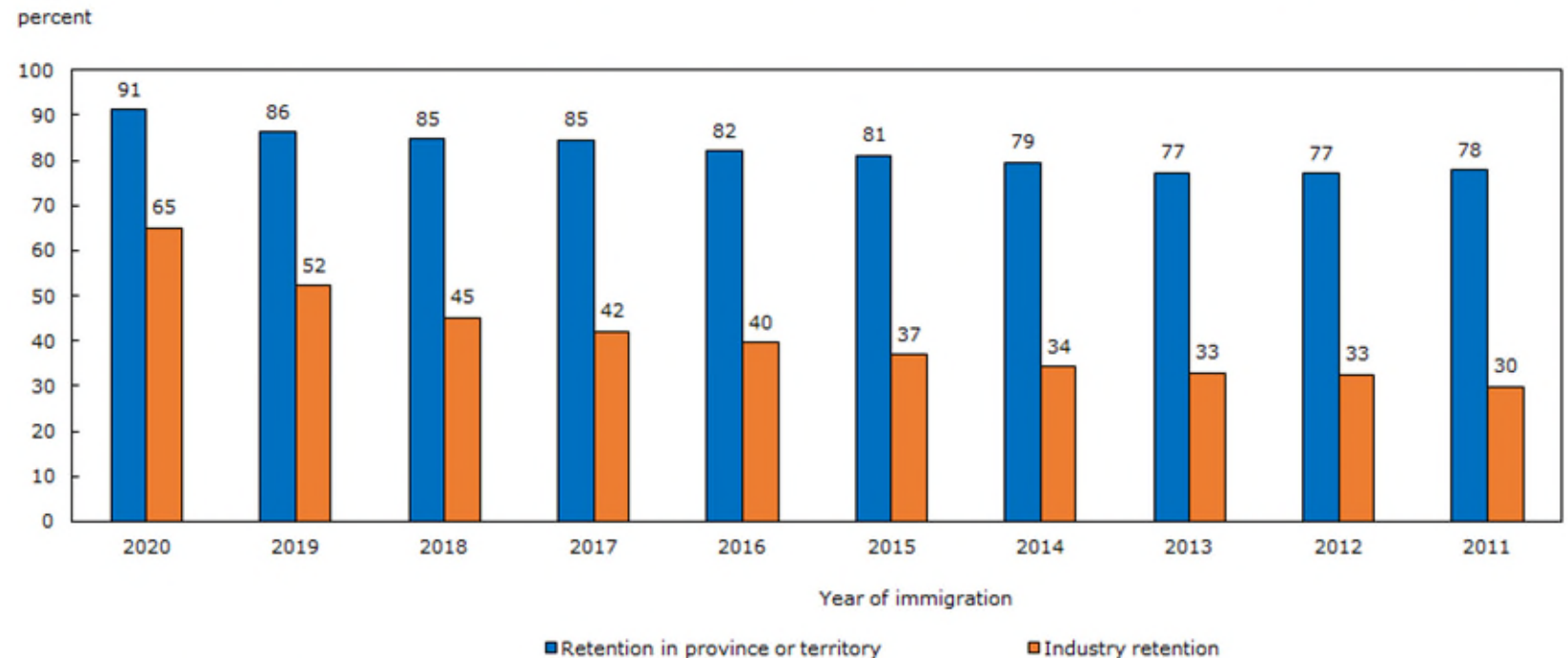
Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Immigration Database.

For more information: [Foreign workers in Canada: Differences in the transition to permanent residency across work permit programs.](#)

Most former foreign workers stayed in their province of employment after their transition to permanent residency, but many moved to a different industry

- Over 90% of former foreign workers in the 2020 cohort stayed in the same province or territory one year after transition. The retention rate decreased over time, but three-quarters of the 2011 cohort were still in the same province or territory 10 years after immigration.
- Two years after obtaining permanent residency, close to half of former foreign workers moved out of the industry where they worked before the transition.
- Industry retention rates varied significantly across work permit programs and industries and were low for live-in caregiver programs, agriculture, and administrative and support services.

Chart 8
Retention rate in 2021 among former temporary foreign workers with a work permit, by year of immigration



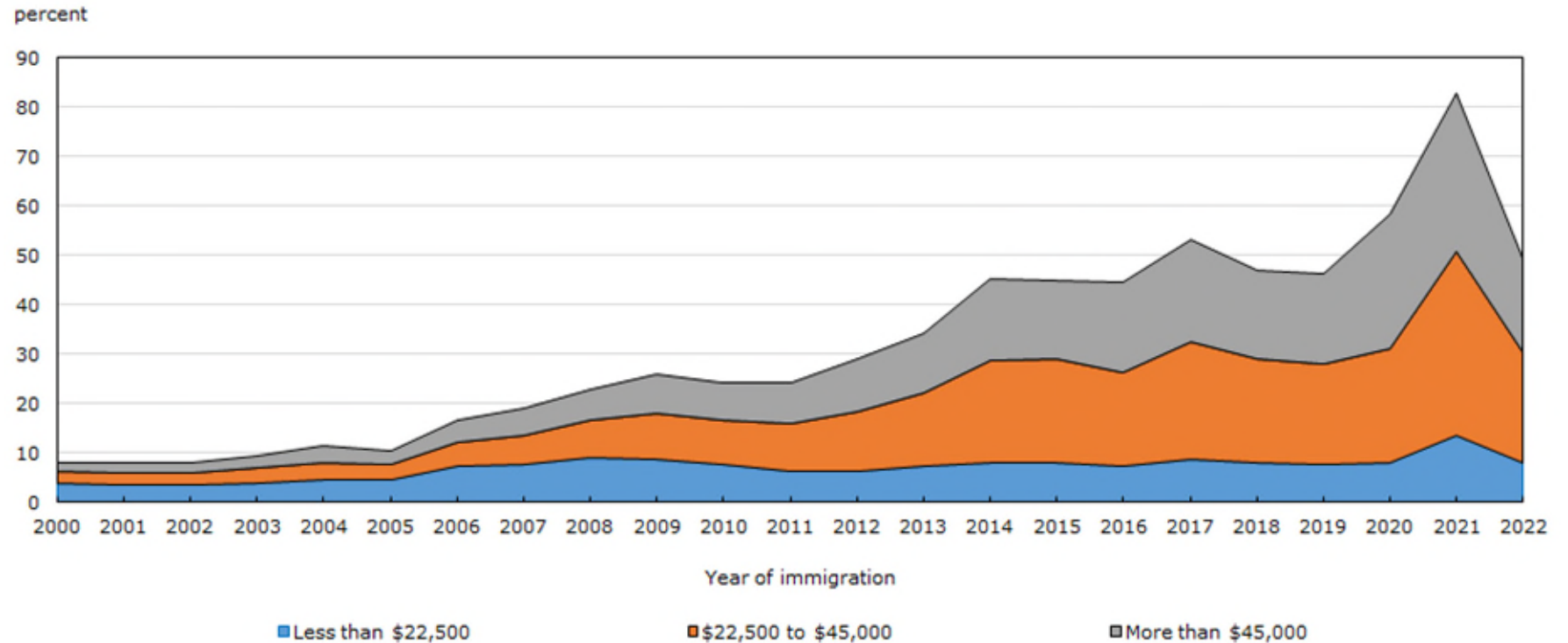
Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

For more information: [Foreign workers in the labour force: Provincial retention after transition to permanent residency among work permit holders for work purposes](#) and a forthcoming article on retention by industry.

Temporary foreign workers have become a major source of economic immigrants

- The share of former temporary foreign workers among new economic immigrants increased from 8% in 2000 to 46% in 2019 and 49% in 2022.
- In 2022, among former temporary foreign workers who became economic immigrants, 38% had pre-immigration Canadian earnings above the national median earnings, up from 24% in 2000.
- The transition of temporary foreign workers to permanent residency is commonly referred to as two-step selection. They are first selected by employers for a temporary job, and some are later selected to become economic immigrants.

Chart 9
Percent with pre-immigration Canadian earnings among economic immigrants aged 20 to 54 at immigration



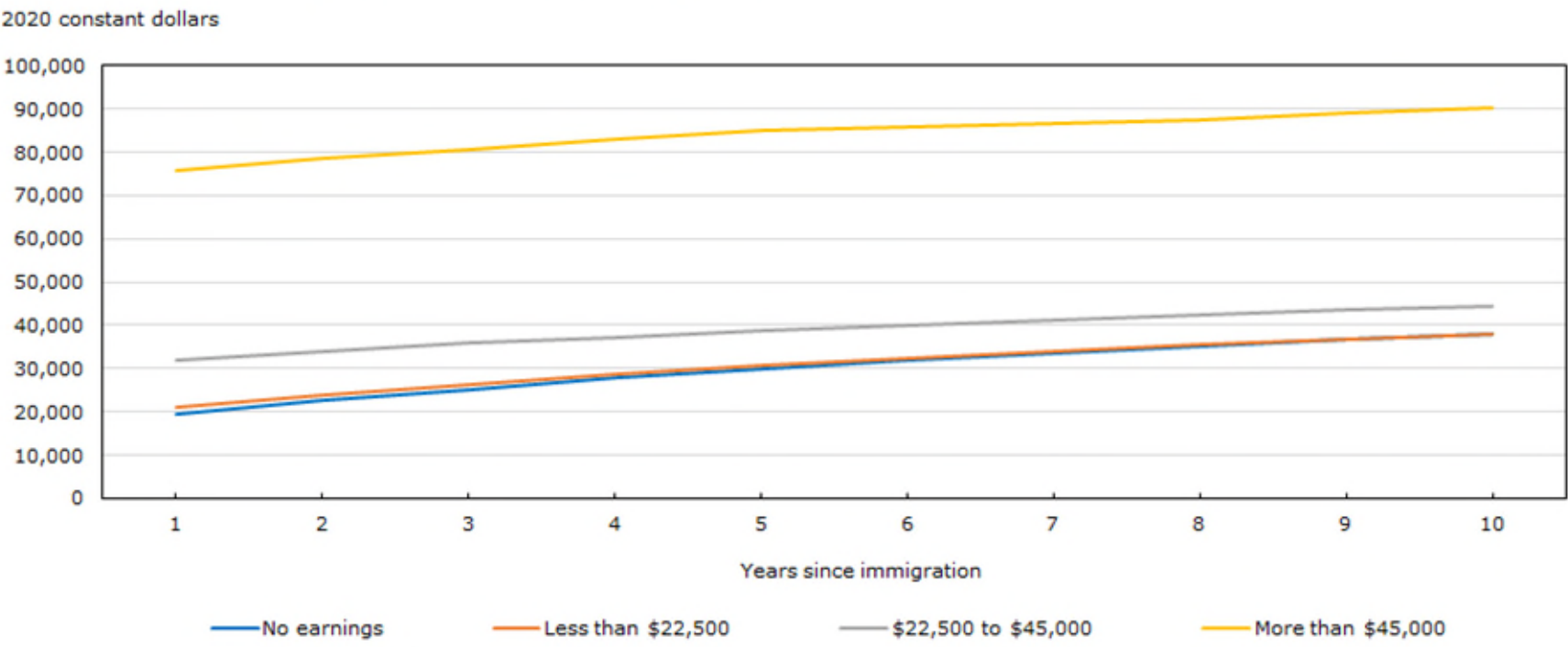
Source: Statistics Canada, Longitudinal Immigration Database.

For more information: [Two-step Immigration Selection: A Review of Benefits and Potential Challenges](#).

Two-step immigration is behind recent improvement in labour market outcomes among new immigrants

- Former temporary foreign workers with high pre-immigration Canadian earnings continue to have high earnings after immigration for many years.
- Former temporary foreign workers with low pre-immigration Canadian earnings have no earnings advantages over immigrants without prior Canadian work experience.
- The rising share of immigrants with medium or high pre-immigration Canadian earnings is a major factor in the improvement in employment rates and earnings among recent immigrants since the mid-2010s.

Chart 10
Median annual earnings of economic immigrants aged 20 to 54 at immigration and admitted from 2000 to 2010, by pre-immigration Canadian earnings level



Source: Statistics Canada, Longitudinal Immigration Database.

For more information: [The improvement in the labour market outcomes of recent immigrants since the mid-2010s.](#)

Summary

- Temporary foreign workers are non-permanent residents with employment income in Canada who may hold permits for work, study or other purposes.
- The number of temporary foreign workers rose from 356,000 in 2011 to 845,000 in 2021. This large increase has been driven primarily by current and previous study permit holders.
- Certain sectors rely heavily on temporary foreign workers: agriculture, forestry, fishing and hunting; accommodation and food services; and administrative and support, waste management and remediation services.
- Temporary foreign workers have become a major source of economic immigrants.
- Close to half of former temporary foreign workers did not work in the same industry two years after they gained permanent residency.
- The level of pre-immigration Canadian earnings of temporary foreign workers strongly predicts their post-immigration labour market outcomes.

For more information, please contact
analyticalstudies-etudesanalytiques@statcan.gc.ca



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