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Foreign workers program seen growing too big, too fast

By TAVIA GRANT

In wake of contentious RBC decision to use temporary IT personnel and displace 45 Canadians, more questions raised over effects on wages, on-the-job training

Royal Bank of Canada's plan to reshuffle IT jobs to outside workers and eliminate 45 Canadian positions has ratcheted up debate on a contentious area of the country's immigration policy: the rapid growth in the number of temporary foreign workers.

It's still unclear the extent to which the temporary foreign worker program played a role in the decision to scrap 45 jobs at bank. But it comes as the number of temporary foreign workers entering Canada has tripled in the past decade, reaching a record 338,189 by the end of last year.

It's little surprise that employers are expanding their use of the program, given the ease at which they can recruit workers from abroad, and the expected cost savings given that employers are permitted to pay foreign workers 15-per-cent less than the prevailing rate paid to Canadians, said Arthur Sweetman, an economist at McMaster University in Hamilton and an expert on immigration policy.

As a result, some Canadian workers are being displaced.

"The design of the temporary foreign worker program encourages exactly this type of thing," Prof. Sweetman said. "There are economic forces and government policies and they're pushing firms in a certain direction. I'd be surprised if RBC is the only firm responding to these forces."

The foreign workers program has generated controversy recently, with high-profile examples such as HD Mining, recently under fire for hiring 200 Chinese miners in British Columbia while the local union said the company did not consider qualified Canadians for the jobs; and a new women's hospital in Winnipeg, which critics say bypassed interested local workers in favour of temporary workers from Ireland.

Prof. Sweetman is not opposed to the temporary work program, which has been useful in some regions to attract workers with specific skills. But he said it has grown too quickly – with broad economic consequences as a result.

"The real repercussion is that the Canadian unemployment rate would probably be going down a little faster if we weren't having a temporary foreign worker program that's quite so robust," he said Monday.

The national unemployment rate was 7.2 per cent in March, the same reading as a year earlier, and still one percentage point above prerecession rate.

It is difficult to assess the degree to which Canadian companies are using the temporary foreign worker program to eventually outsource work. The RBC case, and its ensuing controversy, is sensitive enough that several companies that specialize in consulting and labour strategy, with expertise in outsourcing, did not want to discuss broader trends in Canada. Both Accenture Canada and CGI Group declined to comment.

But given the program's growing prevalence, closer oversight is needed to both ensure Canada's existing labour force is fully utilized and that migrant workers' rights are being protected, said Ken Georgetti, president of the Canadian Labour Congress.

The biggest side effect of the rapid growth of the program might be eroded skills and training, said David Green, an economics professor at the University of British Columbia, who believes the program may act as a disincentive for companies to offer on-the-job training, and for workers to ensure their skills are current.

"The most concerning thing has to be the implications for training," he said. "The long-run implications are bad because we're going to have a generation of young people who are looking at something that makes it harder for them to get the skills they need to get."

The practice of using the TFW program as a stepping stone for outsourcing is not widespread, as far as Karna Gupta, president and CEO of the Information Technology Association of Canada, can see. He's in favour of using the program to fill skills gaps in various sectors, but says it should "not be an opportunity to displace or replace existing employees."

Are you a temporary foreign worker in Canada? The Globe would like to hear from you - e-mail us at community@globeandmail.com¹

References

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