

Temporary Foreign Worker Program Branch
Employment and Social Development Canada

18 November 2024

RE: Concerns and Recommendations Regarding Recent Changes to Wage Regulations and LMIA Policy

Dear Sir/Madam:

CAPIC would like to highlight concerns about recent changes to wage regulations, particularly the 20% increase in high wage thresholds, and the broader impact on employers, the Canadian labour market, and the ability to attract and retain foreign workers. While we understand the rationale, the swift implementation has not allowed employers enough time to plan their recruitment and retention strategies. Efforts to transition temporary workers to permanent residents have been disrupted by reduced residency programs and high Express Entry thresholds. Workers cannot be replaced quickly, and employers prefer to hire locally and avoid the LMIA process unless necessary.

The following are some specific areas of concern:

- 1. Increased Wage Thresholds:** The recent wage adjustment notably raises the financial burden on employers, particularly those in sectors already struggling with competitive wage pressures. The 20% increase in high wages presents an additional barrier, especially to small and medium-sized businesses, that are already facing difficulties in attracting Canadian workers. This increase may lead to unintended consequences, such as reduced expansion plans and job losses. At the greatest extremes, smaller companies are forced to shutter their operations.
- 2. Impact on the Canadian Labour Market:** The changes to the wage thresholds may inadvertently hurt the Canadian labour market by reducing job opportunities and growth in key sectors. As an example, Canadian businesses in the manufacturing sector are struggling to hire local skilled tradespeople simply because they do not exist. Foreign workers in this sector are critical because often, they act as mentors to the domestic workforce, imparting their technical skills to junior apprentices under their tutelage.

The impact of these changes has directly affected businesses. CAPIC Members have provided testimonies from various employer clients who are already feeling the consequences. One

successful restaurateur shared the challenges of training new chefs and skilled workers, as well as dealing with worker shortages. The recent wage increase will further limit and severely impact their operations. Another business owner, who operates three restaurants, explained that the high wage requirements for LMIAs and the delays in processing have halted his expansion plans for a fourth restaurant. Additionally, the shortage of qualified cooks has forced him to close his third location.

In the same way, a member shared a client's situation where five TFWs, approved to arrive in early 2025, face issues with the closed Quebec stream and no PR options. The client cannot file a new LMIA without exceeding the 10% cap unless they cancel contracts with the new workers, despite significant investment. They have tried hiring locally but cannot find anyone. Losing these workers will impact their ability to meet contracts. These accounts are just a few of many. Enclosed are additional statements from clients detailing the impact of this change.

Considering these crucial concerns, CAPIC suggests the following measures to help employers plan staffing needs and reduce financial hardship.

1. **Facilitative LMIA Extensions:** Introduce a facilitative LMIA process for extensions, including a one-time renewal option, allowing employers more time to adjust to the new wage regulations without disruption to their workforce.
2. **Extension for Existing LMIA Approvals:** Extend the application period for workers with existing LMIA approvals to 12 months, providing employers with sufficient time to transition their workforce and adjust to the wage changes.
3. **One-Year Weaning Period:** Implement a one-year weaning period to allow employers to gradually reduce reliance on temporary foreign workers. During this period, we suggest exemptions from the Refusal to Process (RTP) to ease the burden on employers.
4. **Revisions to LMIA Types:** Eliminate blanket LMIA policies for companies with fewer than 10 employees and propose a more targeted model using named LMIAs.
5. **Addressing Fraud Concerns:** Consider reviewing and removing the option of submitting an LMIA to support permanent residency in low wage occupations due to the risk of fraud associated with these types of applications– even though we recognize a PR LMIA is useless without an ITA from IRCC. However, this reduces the administrative burden on processing officers who can focus on the processing of low wage/high wage LMIAs.
6. **Skilled Trades Considerations:** We propose sector-specific work permits for skilled tradespeople that would not require job advertising. This approach would be similar to

Quebec's simplified process, where no advertising is needed for occupations already facing shortages.

7. **Exceptions for Rural Communities:** Consider exceptions for rural communities located within Census Metropolitan Areas (CMAs), particularly those that encompass large geographical areas, including small towns and rural regions. In some cases, these rural areas may be geographically distant from urban centers and lack access to public transportation.

CAPIC looks forward to working with ESDC to find practical solutions for both urban and rural businesses.

If we may be of assistance with the issues and potential solutions we are bringing forth, we will be glad to work with you and your team.

Yours Truly,



Dory Jade, C. Dir.
Chief Executive Officer
CAPIC-ACCPI

The comments below were shared by clients directly affected by the changes. These are paraphrased summaries, and names have been omitted to maintain confidentiality.

1. We have just hired 5 new TFW's and they have received their letters of approval, and they were planning on coming at the beginning of 2025. However, we had planned on filing a new LMIA in January as we have some workers whose permits will expire in April 2025. They had hoped to file their residency application this fall under the new Quebec stream but that has now closed so they have no PR option. We will not be able to file the new LMIA though as we will then be over our 10% cap – unless we cancel our contracts with the new workers, even though we have invested a lot of time and money into bringing them over. We need them though, so it is very frustrating! We have tried and tried to hire locally but the reality is that we just cannot find anyone. We are a small manufacturing company, and the loss of these workers is going to impact our ability to meet contractual obligations. We are so frustrated that the government opened the doors to allow us to bring in foreign workers and they have now basically closed the doors, with very little warning.
2. The government has been encouraging us to bring in foreign workers to help with the lack of workers in our area, so we have developed a very strong program to help them settle and they have really become valued members of our team. We fully support them as they transition to permanent residency, but those doors have recently been closed. It is maddening. We have adhered to all of the government requirements and go over and above to make sure our workers settle in. We are a high-end manufacturing facility and the 10% cap is going to have a huge impact. We are in a rural area, so it is very difficult to hire and retain workers locally. We have tried - we did a huge recruitment campaign and were able to hire 70 Canadians – and within 12 months we only had 10 left. It was a large financial investment for a retention rate of less than 17%. We are an excellent company and treat our employees very well – but retention is just incredibly difficult when it comes to local workers.
3. We are a meat processing facility. You try and find local workers who want to do this work! It's next to impossible. The only way we can continue to produce meat products for Canadians is by hiring foreign workers. Even though we can continue to submit LMIA applications, the reduced cap, and the one-year work permits are creating an additional burden on us, and we will be forced to cut jobs, employees, and production. It's very unfair on the workers and on us.



Hyderabad Biryani Hut

To Whom It May Concern:

I am the owner and operator of 3 restaurants operating under 10286613 Canada Inc. in Toronto:

- Biryani N Barbb – 6015 Steels Ave East, Unit 101-102, Scarborough, Ontario
- Hyderabad Biryani Hut – 1587 Ellesmere Road, Scarborough, Ontario
- Hyderabad Biryani Hut – 545 Keele Street, Unit 117, Toronto, Ontario

The impact of high-wage LMIA's and the delayed process has stopped my expansion plans of a 4th location in the middle of the process and the lack of qualified cooks has **forced the closure of my 3rd location** (Keele Street location).

With the current immigration changes I don't think I will be able to run my 2 existing locations as skilled cooks are not available in Toronto GTA and foreign workers will now be too expensive to bring in with the new changes to wages.

The **cancellation of the lease agreement** for my **3rd location** (Keele Street) cost me \$110,000 out of pocket, not counting the loss of revenue and profits expected for this fiscal year. This closure has also meant the loss of jobs to my Canadian restaurant workers (servers, bartenders, kitchen helpers).

I simply cannot maintain operations without qualified Indian cooks. I have been fortunate to have grown a successful business in the GTA because my customers have come to expect quality and authentic Indian cuisine. However, the lack of qualified and experienced cooks in Canada has severely impacted my ability to run my businesses and expand operations, which ultimately means a loss of jobs for Canadians.

I am constantly and continuously looking for cooks in the local labour market, at community organizations, online and anywhere else that I can think of but its impossible to find. Labour shortages in the restaurant industry is a widely known problem among restaurant owners and many ethnic restaurants are most affected. It is vital for the stability and economic viability of the businesses to ensure that we have access to a strong workforce. **These recently implemented changes to the Temporary Foreign Worker Program, have already, and will continue to, severely negatively impact my livelihood and the livelihood of my family and the livelihood of my workers and their families.**

Restaurants already operate on thin margins and with other costs rising (food, utilities), a 20% increase in wages to hire much needed foreign workers (cooks) will essentially force the closures of my already existing businesses.

Yours truly,


Pavankumar Kanchi
Director/Owner



INDIA BAZAAR

FRESH PIK'S

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To Whom It May Concern,

As a business owner, I see firsthand how essential foreign workers are to our industry. These individuals consistently demonstrate reliability, a strong work ethic, and specialized skills that are indispensable to our operations. In our restaurant department, we lack the facilities and resources to train new chefs or skilled sweet makers internally. These roles require expertise that only comes with years of experience, which is difficult to cultivate on our own and to find in the local labour market.

The demand for our products is high, and the extended hours in our line of work require a consistent, skilled workforce. However, due to a shortage of skilled chefs and sweet makers, we've had to reduce our production, leading to missed sales opportunities and lost revenue, especially during the holiday and wedding seasons. Our existing team faces burnout, often unable or unwilling to take on extra hours, which limits our ability to serve our full menu consistently.

Without adequate support, we have been forced to turn down large catering orders and cannot scale our production as demand grows. This situation has led to lower productivity, employee dissatisfaction, and customer disappointment. Financially, we're unable to raise wages significantly without impacting our already tight profit margins.

We pay our existing staff a liveable wage but nonetheless this does not matter if we cannot find qualified and experienced chefs and sweet makers. Increasing the wage threshold by 20% will further limit and severely impact our ability to operate our businesses and serve our customers. This reduction in production and sales will affect the jobs of our Canadian workers and hinder the need to hire additional staff.

In short, reducing the intake of foreign workers would threaten our business's sustainability. Their contribution is vital to meeting customer expectations, maintaining operational efficiency, and ensuring the overall viability of our restaurant.

Yours truly,



Nimay Uppal, Director
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