

Global immigration alert

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Canada

Canada to reduce number of new Permanent and Temporary Residents and further tightens the Temporary Foreign Worker Program (High Wage Stream)

Executive summary

On 24 October 2024, the Honourable Marc Miller, Minister of Immigration, Refugees and Citizenship (IRCC), announced the Government of Canada's Immigration Levels Plan 2025-2027.

The announcement comes amidst an on-going period of significant change and reform to the IRCC's Temporary and Permanent Resident programs. As part of this year's Plan, the Government has announced significant reductions in targets for new permanent resident admissions and, for the first time ever, they have announced plans to include Temporary Residents (temporary foreign workers and international students) admitted to Canada annually as part of their planning. It has been communicated that the intention of the Plan is to alleviate pressures on housing, infrastructure and social services while continuing to preserve the integrity of Canada's immigration programs to set newcomers up for success.

Temporary Residents

- ▶ There will be a significant decrease in overall temporary resident new arrivals from 673,650 in 2025 to 516,600 in 2026 and a slight increase to 543,600 in 2027.
- ▶ The number of newly admitted temporary workers is set to decrease from 367,750 in 2025 to 210,700 in 2026, then slightly increase to 237,700 in 2027. The plan also sets out a 10% cap on employers hiring under the Labor Market Impact Assessment (LMIA) low-wage stream and increased wage threshold for the high-wage stream workers, as announced on 21 October 2024.
 - ▶ The International Mobility Program (LMIA-exempt permits) will see a decrease from 285,750 new

work permits issued in 2025 to 128,700 in 2026, followed by an increase to 155,700 in 2027.

- ▶ The Temporary Foreign Worker (TFW Program) target remains constant at 82,000 across all three years
- ▶ The number of new students admitted to Canada remains constant at 305,900 for each of the next three years.

Permanent Residents

- ▶ There will be an overall reduction of 105,000 new Permanent Residents for 2025 compared to what was previously announced would be the target for 2025. The target then decreases from 395,000 in 2025 to 380,000 in 2026 and to 365,000 in 2027. For reference, in 2024 Canada is expecting to welcome 485,000 new Permanent Residents, so the plan forward represents a significant reduction from current levels.
- ▶ For French-speaking new immigrants seeking to settle outside the province of Quebec, the percentage target increases annually from 8.5% in 2025 to 9.5% in 2026 and to 10% in 2027.
- ▶ The total target for the Economic Classes decreases from 232,150 in 2025 to 229,750 in 2026 and 225,350 in 2027.

Despite the reduction in total number of new Permanent Residents under the Economic streams, the 2025-2027 Plan grants about 62% of all new Permanent Resident admissions to those arriving under the Economic streams. The remaining

new Permanent Residents will arrive under various other streams, including family reunification, asylum, and humanitarian and compassionate streams.

- ▶ Federal economic priorities will include admissions for eligible candidates through priority categories, such as health care occupations, trade occupations, and French-language proficiency. The plan sets out a steady increase in targets under these categories, which were not previously specified in the 2024-2026 plan.
- ▶ More than 40% of anticipated permanent residence admissions in 2025 will stem from those who are already present in Canada, primarily via the Canadian Experience Class and other regional immigration pathways but may also come from Federal Skilled Workers and Federal Skilled Trades.
- ▶ The Provincial Nominee Program (PNP) programs reduced with targets for 2025 decreasing from 120,000 to 55,000. This reduced target remains the same across 2026 and 2027 at 55,000 (also reduced from 120,000).
- ▶ The target for family reunification with spouses, partners, children, parents and grandparents decreases annually from 2025 to 2027.
- ▶ The target for refugees and protected persons in Canada and dependents abroad remains constant at 20,000 in 2025 and 18,000 in 2026 and 2027. The targets for resettled refugees (government-assisted, blended visa office-referred, and privately sponsored) decreases slightly over the years.
- ▶ The target for Humanitarian & Compassionate approvals decreases from 10,000 in 2025 to 4,300 in 2027.

Impact on employers

The reduction in economic immigration targets may necessitate a re-evaluation of current workforce planning strategies and the exploration of alternative avenues for filling skill gaps. This may include increasing the investment in local talent development, offering language instruction to support foreign workers in becoming more competitive in obtaining permanent residence, and leveraging the TFW Program and the International Mobility Program (IMP) more effectively. The expected short-term population decline could lead to tighter labor markets, making it more difficult to find the necessary skills within the domestic workforce.

Further reforms to the TFW Program - High Wage Stream

On 21 October 2024, the Honourable Randy Boissonnault, Minister of Employment, Workforce Development and Official Languages, announced significant reforms to Canada's Temporary Foreign Worker Program for Labour Market Impact Assessment (LMIA)-based work permits. Effective 8 November 2024, the threshold for high-wage stream positions will be raised to at least 20% above the applicable provincial or territorial median wage. These changes are forecasted to result in 34,000 positions moving from the high-wage stream to the more stringent rules of the low-wage stream.

The low-wage stream and high-wage stream are two components of the TFW Program for LMIAs, differentiated by the wage level offered. There are key differences between the streams:

- ▶ The low-wage stream is for jobs where the wage offered is below the provincial or territorial median hourly wage plus 20%. Under this stream
 - ▶ employers must provide support for workers that includes return transportation to their country of origin and ensuring or providing suitable accommodation
 - ▶ employers must conduct at least two additional methods of recruitment that are consistent with the occupation. Recruitment must target an audience that has the appropriate education, professional experience and or skill level required for the occupation
 - ▶ employers are limited to a temporary foreign worker complement of 10% of their workforce at any worksite (up to 20% for certain high-demand sectors)
 - ▶ the TFW Program will not process LMIA applications for positions in Census Metropolitan Areas (CMA) where the unemployment rate is 6% or higher
- ▶ The high-wage stream is for jobs where the wage offered is at least 20% above the provincial or territorial median hourly wage (as of 8 November 2024). Under this stream
 - ▶ there is currently no limit on the number of workers an employer can hire
 - ▶ unemployment rates are not taken into consideration in LMIA application assessments

In light of the reduction in economic immigration targets, we anticipate some applicants for Permanent Residence will face longer delays before qualifying to apply. Consider starting the Permanent Residence process sooner, as part of a re-evaluation of current workforce planning strategies and the exploration of alternative avenues for filling skill gaps. The recent additional changes to the TFW Program may prompt a review of hiring practices and compensation structures by employers. The shift of jobs from the high-wage to the low-wage stream may lead to increased scrutiny and a need to address additional compliance requirements. Employers must become familiar with these requirements to prevent potential disruption to their operations and talent.

EY Law will continue to monitor changes and will provide updates as announced. Should you have any questions with respect to these new measures, please do not hesitate to contact your EY Law LLP professional.

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