

# Canada's temporary resident dilemma | Sergio R. Karas

By **Sergio R. Karas**

Law360 Canada (April 10, 2024, 10:55 AM EDT) -- Canada is currently grappling with a significant dilemma concerning its temporary resident population. In recent years, there has been a huge increase in temporary residents, driven by various factors such as a rise in international student enrollment, foreign labour filling job vacancies and individuals filing refugee claims. To tackle this self-inflicted problem, Canada has announced its intention to decrease the proportion of temporary residents from the current 6.2 per cent to 5 per cent of the population within the next three years. This is only a slight decrease.

Concerns over housing shortages, escalating costs, inflation and strains on social services and health care have prompted the government to introduce plans to stabilize the intake of new permanent residents by 2026. The government has shifted its focus from annual increases in the number of permanent residents to trying to control the wildly rising temporary resident population.



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According to an article in *The Globe and Mail* dated Dec. 19, 2023, the influx of temporary residents has fuelled rapid population growth. They surpassed 430,000 in the third quarter of 2023, positioning Canada as the fastest-growing nation in the Organisation for Economic Co-operation and Development (OECD). As of Jan. 1, 2024, the country's overall population stood at 40,769,890, reminiscent of growth levels last seen in 1957. Considering these high numbers, economists have been particularly wary of the growing reliance on migrant labour, fearing it might encourage employers to prioritize cheaper labour options, rather than investing in productivity increases. In response, the federal government has initiated measures, such as restricting entry for workers in some sectors employing low-skilled labour beginning May 1, 2024. This would reduce employer reliance on the temporary foreign worker program from 30 per cent to 20 per cent of employer staff. The government has also announced a 35 per cent reduction in new international student visas and temporary caps on foreign student admissions in each province.

While the effort to reduce the temporary resident population is welcome news, an article published in the *Financial Post* on March 21, 2024, titled "Canada's productivity 'emergency' and role newcomers play," suggests that Canada's new immigration approach is resorting to quick fixes for a complex issue. The need for high-skilled professionals and senior managers to drive job creation remains critical. According to Carolyn Rogers, senior deputy governor of the Bank of Canada, what is needed is increased investment in sectors with the highest output per hour worked, such as mining and oil and gas. The article also notes that economists agree widely on the importance of creating an environment conducive to business investment and restructuring the immigration system to prioritize highly skilled newcomers who can enhance Canada's economic productivity.

The lack of specificity regarding which categories of temporary residents will endure most of the proposed cuts raises significant concerns. The government announced that initial targets for implementation will be set by September 2024. This uncertainty highlights the need for a nuanced approach that prioritizes the groups of temporary residents that make the highest economic contributions. According to the *Financial Post* article "Canada to put a cap on temporary residents for the first time," 42 per cent of temporary residents were students, 9 per cent were foreign workers under the Temporary Foreign Worker Program and 44 per cent were workers under the International

Mobility Program, encompassing post-graduate, spousal work permits for students and workers in intra-company transfers and permits issued under humanitarian pathways. Open work permits, frequently issued to spouses and refugee claimants, could be the focus of reductions.

The substantial costs associated with accommodating refugee claimants highlight the need for comprehensive solutions beyond simply capping temporary resident numbers. A *Global News* article on March 26, 2024, revealed that Immigration, Refugees and Citizenship Canada spent over \$100 million housing refugee claimants at Niagara Falls hotels in the past year, covering expenses such as rooms, meals, services and security. In response to concerns raised regarding the limited availability of affordable housing options once they complete their hotel stays, the minister of immigration pledged an additional \$362 million in January 2024 to house them nationwide. The cost of processing refugee claimants is astronomical and needs to be reined in.

Unfortunately, the current government's generous policy towards refugee claimants has encouraged many international students to exploit loopholes to seek asylum. CTV News reported a staggering 324 per cent increase in international students from Conestoga College in Kitchener, Ont., applying for asylum in Canada from 2022 to 2023 (450 in 2023 compared to 106 in 2022). This trend indicates that sweeping reductions in temporary residents may not accurately address the groups causing the greatest negative impact on resources, highlighting the need for a more targeted approach to tackle the strain on affordable housing.

The surge in immigrants has exacerbated the housing crisis. Experts warn that the current pace of building fails to meet the growing demand for affordable housing. Even with construction numbers peaking at over 350,000 units by the end of 2023, the Canada Mortgage and Housing Corporation (CMHC) said that it would be necessary to double the annual rate of new construction to align with the federal government's affordability targets by 2030. According to Michael Brooks, executive director of the Real Property Association of Canada (REALPAC), Canada should be constructing approximately 700,000 new purpose-built rentals annually. However, achieving this goal seems impossible, particularly with higher interest rates and strict municipal zoning by-laws. Further, CMHC notes that a shortage of skilled labourers will hinder the construction of apartments and condominiums in the coming year.

Given the pressing nature of the situation, implementing steeper cuts on new student permits appears to be a step in the right direction. Even with the proposed two-year cap, approximately 364,000 new permits are still expected to be issued in 2024, surpassing the housing construction capacity. Achieving a significant reduction in the temporary resident population will require time, which is a luxury that Canadians grappling with high housing costs and low vacancy rates cannot afford. Simply reducing the general number of temporary residents is unlikely to fully address Canada's housing shortages and rising costs. More decisive and targeted policy measures are required to establish a controlled and sustainable approach to immigration in the future.

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