

Economic and Social Reports, October 2023

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Six new articles are available in today's release of *Economic and Social Reports*.

Temporary foreign workers in Canada have increased by almost 150% in 10 years

As temporary foreign workers are an increasingly important source of labour supply in Canada, accurately measuring their presence in the labour force is crucial for informing policy decisions. The study "[Foreign workers in Canada: Work permit holders versus employment income records, 2010 to 2022](#)," assesses the advantages and limitations of the two most used data sources. The statistics on work permit holders provided by Immigration, Refugees and Citizenship Canada, offer up-to-date information on the influx and total number of foreign nationals arriving in Canada for work purposes. However, as some work permit holders may not have worked in Canada during the year, and many eligible temporary residents are not required to have a work permit to work, the number of employed temporary residents derived from tax records presents another important measure of the role played by temporary foreign workers in the labour market.

From 2010 to 2020, the number of temporary residents reporting employment income increased 149%, while a smaller increase (+108%) was observed in the number of valid work permit holders for work purposes on December 31 of each year. This difference in growth rates is due to increased labour force participation of work permit and non-work permit holders.

International Mobility Program becoming fastest-growing program for work permits

Canada recruits foreign nationals to address temporary labour shortages by providing work permits to them. The study "[Foreign workers in Canada: Changing composition and employment incidences of work permit holders](#)," looks at the two main work permit programs: the Temporary Foreign Worker Program (TFWP) and the International Mobility Program (IMP), to help improve the understanding of the evolving work permit programs.

The study found that the growth in the number of work permit holders was primarily driven by the IMP for work and study purposes. From 2010 to 2021, the share of IMP work permit holders for work purposes increased from 42% to 55% in 2021, and the share of IMP permit holders for study purposes more than doubled from 8% to 17%. In addition, from 2010 to 2020, the proportion of work permit holders reporting annual earnings in Canada rose from 60% to 71%, and this proportion varied considerably by permit program. It increased from 76% to 86% for the TFWP, from 50% to 70% for IMP for work purposes, and from 53% to 62% for IMP for study purposes. These increases likely reflect increased demand for temporary foreign workers.

Paid sick leave coverage on the rise in Canada

The COVID-19 pandemic has highlighted the importance of paid sick leave for Canadian employees. The study "[Employee paid sick leave coverage in Canada, 1995 to 2022](#)," shows that self-reported paid sick leave coverage has increased moderately in Canada from 1995 to 2022. In many cases, coverage appears to have risen faster in jobs that exhibit relatively low coverage than in other jobs. For example, coverage increased by about 13 percentage points in non-unionized jobs from 1995 to 2022, while it rose by at most 6 points in unionized jobs during that period. Nevertheless, large differences in self-reported coverage remained in 2022 across several dimensions such as education, industry, firm size, and deciles of the wage distribution.

The study also shows that for many front-line workers—such as those employed in grocery stores, gasoline stations, child day-care centres and nursing and residential care facilities—paid sick leave coverage still appears to be far from universal. For example, less than half of employees in grocery stores reported having paid sick leave in their job in 2022.



The characteristics of businesses that exit differ from those of businesses that become bankrupt

Small firms are more likely than larger firms to close permanently—often referred to as "exits". However, smaller firms have lower rates of bankruptcy than large firms. In addition, businesses in manufacturing have some of the lowest exit rates but relatively high bankruptcy rates. The study "[A profile of corporate exits and insolvencies](#)" fills a knowledge gap by presenting trends in exits, insolvency proposals and bankruptcies across business and financial characteristics among corporations from 2004 to 2020.

Bankrupt businesses have low levels of labour productivity, profitability and liquidity, and high levels of leverage. The trends are similar but less pronounced for businesses that exit, likely indicating exits happen for reasons other than business failure or financial distress. The results suggest that bankrupt businesses became more vulnerable over time in terms of their financial performance the year before bankruptcy.

Child care businesses received more financial support during the COVID-19 pandemic than other businesses

Child care businesses play an important role in the labour force participation of parents. The study "[Use of government business liquidity support by child care businesses in Canada during the COVID-19 pandemic](#)," finds that child care businesses on average received more money from government financial support programs during the pandemic than other businesses in the economy. This study aims to examine the use of four emergency government support programs by eligible child care businesses, including the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Commercial Rent Assistance (CECRA), the Canada Emergency Rent Subsidy (CERS) and the Canada Emergency Business Account (CEBA). Child care businesses were more likely to receive CEBA, CECRA or CERS and less likely to receive CEWS.

Among child care businesses with active business numbers, non-profit child care businesses were less likely to receive support but received higher values of support than for-profit ones. Child care businesses in Ontario and Alberta were most likely to receive support and also received the highest values of support, compared with child care businesses in other provinces and territories.

A look at recent developments in the Canadian economy

The article "[Recent Developments in the Canadian Economy: Fall 2023](#)" provides an integrated summary of recent changes in output, consumer prices, employment and household finances. It highlights changes in the economic data during the first half of 2023 and into the summer months. The article also examines how economic conditions have changed as borrowing costs have risen.

The October 2023 issue of *Economic and Social Reports*, Vol. 3, no. 10 (**36280001**) is now available. This issue contains the articles "Employee paid sick leave coverage in Canada, 1995 to 2022," "The Use of government business liquidity support by child care businesses in Canada during the COVID-19 pandemic," "Foreign workers in Canada: Work permit holders versus employment income records, 2010 to 2022," "Foreign workers in Canada: Changing composition and employment incidences of work permit holders," "A profile of corporate exits and insolvencies" and "Recent Developments in the Canadian Economy: Fall 2023."

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