

New Year, New Wages? Understanding The New Yearly Wage Review Requirements For Certain Temporary Foreign Workers In Canada



Last year, the Canadian government introduced an important update for employers hiring Temporary Foreign Workers (TFWs) under the Temporary Foreign Worker Program (TFWP). Beginning January 1st, 2024, employers must conduct an annual wage review to ensure that the salaries of TFWs align with the prevailing wage of the province or territory of employment. This measure aims to ensure that TFWs receive fair compensation throughout their employment period.

This annual wage review is not required for TFWs holding a work permit issued under the International Mobility Program (i.e., all Labour Market Impact Assessment (LMIA)-exempt work permits), such as Intra-company transfer work permits, work permits issued under Free Trade Agreements and open work permits, among other categories. The requirement applies to all TFWs holding an LMIA-based work permit.

What is the “prevailing wage”?

The prevailing wage is defined as the highest wage of either of the following:

- The median wage on Job Bank (or the wage established by the *Ministère de l'Immigration, de la Francisation et de l'Intégration* (MIFI) in Quebec) for the TFW's position;

or

- The wage range paid to your current employees in the same position, location, with similar skills and experience.

For unionized positions, wages must adhere to the rates and compensation forms established under the applicable collective agreement.

The prevailing wages on Job Bank are updated annually in the Fall, while the prevailing wages established by the MIFI in Quebec are usually updated in the Spring, thus giving employers until January 1st of the following year to review and adjust wages accordingly in all provinces and territories. It is crucial to complete this

review promptly and implement any necessary changes by January 1st, 2025.

Employers must always ensure that the updated wage is not lower than the wage indicated in the positive LMIA for each TFW, even if the prevailing wage decreases.

Procedure for Annual Wage Review under the TFWP

• All Provinces/Territories Except Quebec

To review salaries in all provinces and territories except Quebec, employers must use wages posted on Job Bank. Begin by visiting Job Bank's "[Search Wages](#)" section and entering the [NOC code \(version 2021\)](#) listed on the positive LMIA issued for the TFW in the "Search" field. Locate the community or area of the TFW's job location and compare the median hourly wage. If "n/a" appears, refer to the provincial/territorial or national wage.

If the median hourly wage is higher than the TFW's current wage, you must increase their wage by January 1st, 2025.

If the wage you are currently paying employees performing the same job, in the same location, with similar skills and experience, is higher than the median wage on Job Bank, then the TFW's wage must be increased to match your internal "median wage".

• Province of Quebec

In the province of Quebec, employers must use wages provided by the MIFI in the latest [Guide des salaires par professions présentés par intervalles selon les quartiles au Québec](#) (the "MIFI Wage Guide"). Open the MIFI Wage Guide, and search for the [NOC code \(version 2021\)](#) listed on the positive LMIA issued for the TFW. Adjust the wage based on the years of work experience required for the position in the LMIA application: for 0 to 2 years, the wage must be equal or higher to the first quartile wage; for 2 to 9 years, the second quartile wage; and for more than 9 years, at least the third quartile wage. Note that the individual TFW's number of years of experience is irrelevant for this calculation; only the number of years of work experience that were indicated on the LMIA application as being required for the position must be taken into account.

If the hourly wage in the MIFI Wage Guide is higher than the TFW's current wage, you must adjust their wages by January 1st, 2025. Where data is unavailable, refer to Job Bank for the median hourly wage in the applicable region, province, or nationally if necessary.

If the wage you are currently paying employees performing the same job, in the same location, with similar skills and experience, is higher than the median wage on Job Bank, then the TFW's wage must be increased to match your internal "median wage".

Conclusion

It is crucial to update wages on or before January 1st of each year to match or exceed the prevailing wage in order to remain compliant and avoid penalties under the TFWP employer compliance regime. These penalties can include administrative monetary penalties and potential bans on using the program.

To view the original article click [here](#)

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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