

SUBMISSION

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A small business perspective

Immigration Levels Plan

2026-2028

The Canadian Federation of Independent Business (CFIB) is a not-for-profit, non-partisan business association. We represent over 100,000 members, who are small- and medium-sized business owners (SMEs) from across Canada, in communities of all sizes, and from all sectors of the economy. We are the largest organization exclusively representing the interests of small- and medium-sized, independent businesses to all levels of government. We operate in both official languages, with offices across the country. The comments that follow are based on member data, and are meant to inform the federal government in its development of the 2026-2028 Immigration Levels Plan.

SMEs Priority for Canada's Immigration System

Immigration is a great asset to Canada's economy and can help address small- and -medium sized businesses' labour force needs. **About 73% of SMEs owners agreed or strongly agreed with the statement that the federal government should better align permanent and temporary immigration programs with business needs.**¹ Similarly, 73% felt that federal and provincial governments should, as a priority, consider small businesses realities when setting immigration policies and targets heading into 2025.²

While the Canadian economy is slowing in the face of ongoing trade uncertainty with the US and softening demand, the lack of skilled labour remains the second highest constraint on business sales and growth.³ Sectors that identified a shortage of skilled labour as their *top* constraint to business sales and growth included construction (65%), personal services (62%), and professional services (55%).⁴ Construction had a 4.2% vacancy rate and 51,000 vacancies, personal services had a 4.6% vacancy rate and 27,900 vacancies, professional services a 3.5% vacancy rate and 44,800

¹ CFIB, Your Voice Survey, January 2025, n = 2,345

² *Ibid*

³ CFIB, Monthly Business Barometer, July 2025, n=719, Online at - <https://www.cfib-fcei.ca/hubfs/research/mbb/Business-Barometer-Canada-2025-07.pdf>, page 11.

⁴ CFIB Monthly Business Barometer, July 2025, Sector breakdown, Online at: <https://www.cfib-fcei.ca/hubfs/research/mbb/Business-Barometer-sectors-2025-07.pdf>

vacancies in the second quarter of this year.⁵ Without this much needed labour, businesses have to refuse sales, cancel contracts, reduce hours of operations and service offerings, which can result in delayed business growth and even contraction or business closure, which can exacerbate Canada's economic ills.



Survey question: What factors are limiting your ability to increase sales or production?

Source: CFIB, Your business outlook survey, February 2009 - July 2025, 719 responses received from July 3-8.

Overall, the number of vacant positions amongst SMEs is back to what it was pre-pandemic (397, 500).⁶ Even then - prior to the pandemic - it was widely accepted that Canada was grappling with a lack of skilled and semi-skilled labour across many sectors, as Canada's population was aging and there was less of an appetite among Canadians to work in physically demanding jobs, rural and remote areas or to take on non-standard work schedules. This is still true today. SMEs feel that available Canadian labour either lack the skills required, aren't where the jobs are, and/or aren't willing to take the jobs on offer.

A shortage of applicants and mismatched job expectations are among key challenges in recruiting skilled workers

A 2021 evaluation of the Temporary Foreign Worker Program (TFWP) found that demands and location of the job were the main reasons why Canadians were not applying to posted positions.⁷ Not wages. On that note, SMEs just do not have the deep pockets that larger businesses have, nor can they take on debt like government. Despite



Source: CFIB, Your Voice Survey - September 2024, n=1,048.

Question: What specific challenges have you identified regarding the recruitment of skilled employees? (Select all that apply).

⁵ CFIB, Main Street Quarterly, Private Sector Vacancies, Q2 2025, Online at : https://www.cfib-fcei.ca/hubfs/research/msq/CFIB_MSQ_Q2_2025-HW.pdf

⁶ CFIB, Help Wanted, Total Vacancies in Thousands, Interactive chart, Online, Accessed on August 18, 2025 - <https://www.cfib-fcei.ca/en/research-economic-analysis/private-sector-job-vacancies-in-canada>.

⁷ ESDC, Evaluation of the Temporary Foreign Worker Program, Online at: <https://www.canada.ca/content/dam/esdc-edsc/documents/corporate/reports/evaluations/temporary-foreign-worker/SSPB-ED-TFWP-Report-PPTVersion-ENG-20220217-V08-Final-PDF.pdf>

increasing wages, to the extent that they can while remaining viable, many small businesses owners are not seeing qualified applicants for the jobs on offer.

That is why temporary and permanent immigration, particularly economic immigration, is important for many Canadian SMEs who have had to rely on foreign labour to fill persisting vacancies.

Canada's immigration programs and policies must consider small business realities and local labour market needs. **CFIB recommends that, both federal and provincial governments, consider small businesses realities when setting immigration policies and programs.**

SMEs Temporary and Permanent Immigration

Not only are many SMEs facing issues recruiting qualified local labour, but given recent immigration policy changes, some may lose the foreign workers they already have and have already trained.

Indeed, in a recent survey of small business owners who had hired a foreign worker using the TFWP in the last two years, 90% feared they would not be able to renew or extend their existing foreign labour and just as many did not think they would be able to replace this foreign labour with local labour.⁸ About 57% stated that they would have to scale back their growth plans, 52% would be unable to fill orders or render services, 24% would have to reduce their hours of operation and 18% stated that it was very likely that they would have to close their operations.⁹ All of which could result in layoffs of Canadian labour.

For SMEs who have turned to immigration to fill persisting vacancies, the federal government's shift to reducing temporary and permanent immigration numbers was very sudden. These changes should have been implemented more gradually. They could also have been complemented by a meaningful plan to address the persisting workforce availability issues across all sectors and skill levels, including more effective measures to help bridge Canadian labour to vacant positions. Now, employers are scrambling to keep existing foreign

The changes to the TFWP make it hard for us to plan ahead. The reduction of the maximum employment duration for low-wage positions means higher employee turnover, training costs, and file processing fees. I mainly hire drivers. As we're facing a labour shortage, I simply can't fill all available positions with Canadian workers. Wage increases are not an option as current contracts are in effect for 5 years. Automation isn't an option for my business either.

- Business owner, Transportation, Quebec

TFWs make up about 30% of our current workforce. We manufacture complex parts in very small quantities for the aerospace industry. Automation is not an option. We're constantly seeking skilled workers in Canada, but it's very difficult. Most of our products are exported. We have plans to grow our business and make significant investments, but they won't be possible without TFWs. If current restrictions remain in effect, our business will be losing revenue by this time next year and we will have to lay off Canadian employees, which would be heartbreaking for us.

- Business owner, Manufacturing, Quebec

⁸ CFIB, Special TFWP Survey, November 2024-January 2025, n=1,645

⁹ Ibid

workers and are seeing all doors to immigration - whether permanent or temporary - shut (or significantly backed up) with little hopes of finding qualified Canadian labour to fill the gap.

Given this, **CFIB encourages the federal government to advance facilitative measures that would enable employers to retain their existing foreign workers** - foreign workers that they have trained and incorporated into their knowledge transfer and succession plans, by:

- **Grandfathering all existing foreign workers** in Canada by allowing employers to extend their work permits under the previous rules (e.g., old caps, no refusal to process, past prevailing wage thresholds, etc.).
- **Prioritizing and increasing the space allocation for economic immigrants already in Canada.**
- **Introducing a stream for foreign workers with at least 18 months of experience working in Canada at any TEER level**, if they have status and have been declaring and paying taxes in Canada. This would help ensure that foreign workers of all skill levels have a chance to remain in Canada. Over 60% of respondents to our February 2023 Your Voice Survey supported enhancing permanent residence programs to include more lower-skilled, lower-wage earners, while only 17% were opposed and the rest were unsure.¹⁰

Second, the government needs to ensure that Canada's immigration programs better represent the labour needs of all sectors and regions, by:

- **Providing more levels space to economic immigration, particularly to the provinces and rural communities** (e.g., through the Provincial Nominee Program (PNP), Rural Communities Immigration Pilot (RCIP) and Atlantic Immigration Program (AIP)), where employers play a greater role in supporting applications for permanent residence. Of note, we have heard that the AIP and some PNP programs closed off their intake earlier this year than they had in the past due to lower levels and higher demand. A good part of PNP allocations also went to government dominated sectors (e.g., health care). We encourage the federal government to consider providing more space to the provinces under two separate umbrellas: one allocation for public sector priorities (health care and education, which could include private providers in these sectors), and another for all other sectors so that public sector priorities don't crowd out private sector needs.
- **Allowing employers to make their case for the temporary foreign workers they need.** Policies such as the TFWP caps and refusal to process policies keep employers from even being able to demonstrate how foreign workers could be a net benefit to the Canadian economy. This could be done by eliminating or significantly scaling back the current refusal to process policies, the 20% increase in the prevailing wage requirement, and the reduction in the TFWP cap. Government policy should not presume that a worker from Montreal would be willing to

¹⁰ CFIB, Your Voice - February 2023 survey, final results from February 8-28, 2023, n = 2,609

travel to Mirabel or Oka to take a job, nor that all those who are unemployed are seeking employment in the sectors and occupations where the vacancies are.

- **Optimizing those already in Canada.** If a temporary resident is in Canada for more than six months, they should be able to contribute to the labour force (e.g., accompanying spouses, super visa holders, asylum claimants, etc.), or be able to work more (e.g., students, foreign workers through multi-employer work-permits or multiple work permits) if they so wish.
- **Reducing red tape** by re-introducing 2-year work permit duration for low-wage workers.

Supporting Immigrants and Communities

Ensuring greater alignment between foreign workers' skills and local labour needs would help address ongoing labour shortages and better support the temporary resident's integration into Canadian society. For temporary or new permanent residents, simplifying foreign credential recognition and improving access to language training can also be key to their success in Canada. The government has already undertaken a lot of work around foreign credential recognition and provides related support for permanent residents through settlement agencies. This work should remain a priority.

Conclusion

Small business's labour market needs and operating realities need to be better considered in policy development throughout the continuum - from international students, to workers, to permanent residents and settlement services. We encourage the government to consider our recommendations to improve the temporary and permanent immigration system so that SMEs can more easily find and keep the labour they need to help them keep their doors open and keep Canadians employed.

Regardless of what the levels are set at, economic immigrants should represent more than 60% of all new permanent immigrants and foreign workers should represent more than 50% of temporary residents. It is concerning that, among new arrivals, the share of foreign workers is set to fall below that of international student come 2026, as outlined in the 2025-2027 levels plan.

We thank you for the opportunity to provide input to the consultation. We would welcome the opportunity to participate in future engagement initiatives, particularly regarding addressing economic and labour force needs and supporting immigration to rural communities across Canada.

Should you have any questions or wish to discuss the information above further, you can reach us at our Ottawa office at 613-235-2373 or by email at Christina.Santini@cfib.ca.

Sincerely,

A handwritten signature in black ink, appearing to read 'Corinne Pohlmann'.

Corinne Pohlmann
Executive Vice President, Advocacy

A handwritten signature in black ink, appearing to read 'Christina Santini'.

Christina Santini,
Director, National Affairs