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Adjusting the Balance: Fixing Canada's Economic Immigration Policies

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By Naomi Alboim and Maytree
www.maytree.com/policy

Adjusting the Balance

Fixing Canada's economic immigration policies

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Naomi Alboim

1. OVERVIEW

Introduction

Recent federal policy shifts have altered the landscape for economic immigration to Canada without public debate. Looked at individually, these shifts have both positive and negative aspects. Looked at as a whole, they represent troubling trends that are unlikely to serve Canada well in the long term. Essentially the government has put too much emphasis on short-term fixes, temporary workers and devolved decision-making. Immigration policy makers need to refocus their energies toward long-term solutions, permanent residents and a national framework for immigration policy decisions.

Context

Immigration to Canada is fundamental to the nation's social and economic well-being. Without it the economy will not thrive and the population will not grow. A well-managed immigration system can fill gaps in the labour market, increase trade and innovation, generate investment and maintain or grow the population base. In the face of the current economic climate, Canada needs a robust, competitive immigration program that will contribute to renewed prosperity.

Canada's immigration program has always been organized around three objectives: economic growth, family reunification, and humanitarian. In the economic stream, immigrants are selected for their ability to contribute to the economy. Recently, the federal government has launched new policies and programs that dramatically change the paradigm for economic immigration. Their cumulative impact is worrisome, especially since there has been little debate, evaluation or consideration of how they affect the immigration system as a whole to meet Canada's long-term economic needs.

In considering the recent policy shifts and their impact, it is important to keep in mind the following realities.

Attracting and retaining skilled immigrants

In today's global environment, skilled workers have more choices about where they can go. Canada will be better able to attract economic immigrants if they can immigrate quickly and efficiently. Yet, the large inventory of applicants and lengthy processing delays make this an elusive goal.

Effective services and supports that welcome immigrants when they arrive and help them to integrate successfully will help to both attract and retain economic immigrants. Such services are urgent since immigrants to Canada as a group are faring worse than previous cohorts and continue to face challenges in using the skills and experience they bring. Those with other options may choose to seek their livelihood in other countries. Early intervention and innovative programs can make a huge difference in settlement and this benefits both immigrants and Canada.

Selecting citizens rather than workers

Unlike the European model of recruiting “guest workers”, Canada has a history of actively recruiting people who arrive as permanent residents and go on to become citizens. This is a competitive advantage that Canada should not give up easily.

Experience shows that economic immigrants are most successful when selected for attributes such as education and language competency that equip them to adapt to a changing economy. While there will always be the need for some temporary workers to respond to short-term labour market demands, Canada’s priority must be to select future citizens who can meet longer-term economic and social needs.

An enduring federal role

People immigrate to and become citizens of Canada. The fact that immigrants may initially be recruited by a particular province, employer or educational institution does not change this reality. Mobility rights are guaranteed in the Charter of Rights and Freedoms and many Canadians and permanent residents make good use of them, moving for education, work or family reasons. It follows that the role of the federal government is vitally important in the selection and integration of immigrants and it must provide leadership in the development of national frameworks. At the same time, the roles of provinces, employers, and educational institutions need to be clearly defined based on their respective expertise and the nature of their involvement.

Changing context

Canada’s economic immigration program has evolved - and should continue to evolve - in response to changing labour markets, immigration patterns, demographic imperatives and regional issues. The challenge for immigration policy makers is to be confident that new directions will achieve their objectives without having an unintended impact on other

parts of the system. Rigorous evaluation and public debate will help to ensure that the different components of the system work together as a cohesive whole.

Recent policy shifts

Recent federal changes in economic immigration consist of four main policy directions designed to respond to emerging issues.

(1) Restriction of Federal Skilled Worker Applications

The volume of applications for immigration to Canada was contributing to an unmanageable backlog and processing delays, causing frustration to all parties. In response, the federal government limited new federal skilled worker applications to persons who have offers of arranged employment or skills in one of 38 occupations determined to be in demand. As a result, only those two groups of prospective immigrants will be assessed under the point system for potential admission to Canada. All other applications under this program will be returned.

(2) Expansion of Provincial Nominee Programs

Early provincial nominee programs were niche programs responding to specific regional labour market needs. Over the years these programs have grown dramatically to the point where they risk overshadowing the Federal Skilled Worker Program which has traditionally been the cornerstone of economic immigration. This is in large part due to the provinces' frustration with the Federal Skilled Worker Program backlog and limitations on who is eligible under that program's point system. Recently the federal government removed the caps on provincial nominee programs, allowed each province to determine its own criteria and targets, and guaranteed expedited processing of nominees.

(3) Expansion of Temporary Foreign Worker Program

Employers need quick access to workers especially for hard-to-fill jobs. However, the points awarded for education make it difficult for low-skilled workers or trades people to immigrate to Canada under the Federal Skilled Worker Program. In addition, long wait times to process both immigrant and temporary worker applications were frustrating prospective workers and employers. In response, the federal government expanded and

expedited processing for the Temporary Foreign Worker Program, including a significant focus on low-skilled workers.

(4) Transition to permanent residence: Canadian Experience Class

In the past, international students and temporary workers had to leave the country to reapply as permanent residents. This meant that Canada did not benefit from a promising source of potential immigrants. In response, the federal government created the Canadian Experience Class where, under certain conditions, students and skilled temporary workers can apply for permanent residence from within Canada.

Cumulative Impact

While individually these policy changes have positive aspects and respond to some of the issues raised by provinces and employers, they are reactive and do not address the fundamental root causes for these concerns. Collectively they represent three problematic trends.

(1) Short-term focus

Canada's economic immigration policies have become short-term in focus, tending to concentrate on immediate labour market needs instead of longer-term economic priorities and nation building. The current emphasis on specific occupations for principal applicants in the Federal Skilled Worker Program is an example of this trend. Experience under previous legislation shows that basing selection primarily on priority occupations is neither practical nor effective given how quickly labour markets change. The growing numbers of low-skilled workers recruited under the Temporary Foreign Workers program is another example of short-term thinking since such workers are not what Canada needs in the long term for a knowledge-based economy. These policies do not take into account Canada's longer-term need for immigrants with the skills and adaptability to work in a changing labour market. Canada's immigration program needs to dramatically shift its attention to the longer term by selecting skilled workers primarily for the human capital they bring and investing in programs to support successful integration.

(2) Two-step immigration

Increasingly, federal economic immigration policies grant permanent residency to those who were temporary workers or international students first. The new Canadian

Experience Class has formalized this direction. The potential impact of a two-step process is considerable. Canada will lose its competitive edge by not offering immigrants immediate permanent residence with all its protections and rights. Those who ultimately achieve permanent residence after a temporary stay may be less likely to settle successfully because they do not have access to settlement services, and may not have had their families with them during the temporary period. There is also a real danger that those who are not eligible for permanent residence will remain in Canada underground, undocumented and unable to obtain services. This will increase their vulnerability and affect employment conditions of other low-skilled workers. While there are benefits to allowing those who have been studying or working in Canada to apply for permanent residence from within the country, the structure and scope of two-step immigration processes need to be carefully considered. These processes must not squeeze out one-step processes where permanent status, services and rights, and the count-down to citizenship begin immediately upon entering Canada.

(3) Devolving the federal role

The Federal government has devolved to others much of its role in selecting the future citizens of this country. Through programs for provincial nominees, temporary workers, international students and the Canadian Experience Class, provincial governments, employers and postsecondary institutions have taken on immigrant selection roles previously played by the federal government. Such bodies do not have the national interest as their primary mandate or objective in selecting people who ultimately become permanent residents or citizens. Employers and postsecondary institutions lack the capacity to offer supports and services to help ensure successful long-term integration. There is also a resource impact for provinces taking on additional roles. While there is value to involving these players, it is imperative for immigrants to be selected in the national interest and for roles to be well defined.

Adjusting the balance

A review of the above policy trends indicates that the balance has shifted too far in favour of short-term fixes vs. long-term solutions, temporary entrants vs. permanent residents, and devolved decision-making vs. national frameworks. Policy makers need to adjust the balance so that the economic immigration program is well-positioned to meet

Canada's long-term demographic and labour market needs. All components of the program must work together as a comprehensive system to achieve national objectives.

TABLE 1	
ADJUSTING THE BALANCE	
LESS	MORE
<ul style="list-style-type: none"> • Short-term focus • Two-step immigration: emphasis on temporary entrants • Devolution of federal roles in immigrant selection • Traditional approach to immigrant services • Rapid changes without debate and evaluation 	<ul style="list-style-type: none"> • Long-term vision • One-step immigration: emphasis on a revitalized Federal Skilled Worker Program • Selection of immigrants under national frameworks with room for custom solutions and clearly defined roles • Creative approaches to immigrant services with labour market focus • Debate and evaluation to inform and achieve national vision

Guide to this paper

The purpose of this paper is to discuss the above policy shifts and their impact in order to recommend changes to Canada's approach to economic immigration.¹

Part 1 provides an overview and introduction to the paper.

Part 2 sets out contextual information about immigration to Canada. It discusses the need for immigrants to strengthen the population base and labour force, how the admission numbers are changing, how immigrants are faring, how the point system is working, and the emergence of new types of settlement and integration programs.

Part 3 describes and comments on four federal policy shifts that have altered the landscape for economic immigration: restriction of federally-selected skilled workers;

¹ Given the substantially different nature of the immigration program in Quebec, the approaches recommended in this paper are intended to apply to all provinces and territories with the exception of Quebec.

expansion of provincial nominee programs; expansion of the Temporary Foreign Worker Program; and transition to permanent residence through the new Canadian Experience Class.

Part 4 looks at the cumulative impact of the policy shifts and comments on the trends that they represent, namely short-term vs. long-term focus; two-step vs. one-step immigration; and federal vs. devolved roles.

Part 5 makes recommendations for adjusting the balance in Canada’s economic immigration policies by adopting a national vision for economic immigration, improving current programs, and investing in labour market services that work.

TABLE 2: SUMMARY OF RECOMMENDATIONS	
Adopt a national vision for economic immigration	Articulate a national vision for economic immigration through public dialogue and debate. Improve the capacity for long-range planning to achieve the vision.
Improve current programs	<p><u>Federal Skilled Worker Program</u>: Make the Federal Skilled Worker Program Canada’s priority for economic immigration. Revise the program to better match labour market needs. Connect applicants to employers.</p> <p><u>Provincial nominees</u>: Create a national framework for provincial nominee programs that allows for provincial variation and that complements but does not replace the Federal Skilled Worker Program.</p> <p><u>Temporary foreign workers</u>: Eliminate the Low Skill Pilot Project for temporary foreign workers. Monitor recruitment and working conditions of temporary foreign workers. Strengthen the labour market opinion process.</p> <p><u>Canadian Experience Class</u>: Define the role of employers and postsecondary institutions in two-step immigration. Expand eligibility on a one-time basis for temporary foreign workers already admitted under the Low Skill Pilot Project.</p>
Invest in labour market services that work	Expand overseas information and services. Broaden eligibility for federally funded settlement services. Expand access to funding for labour market services. Fund successful and creative labour market supports.

2. CANADIAN IMMIGRATION CONTEXT

Canada needs immigrants. A vibrant immigration program is essential to maintain or grow the population base, achieve labour market growth and contribute to innovation. It is cause for concern that the overall number of new permanent residents is less than it used to be and the number of federal skilled worker principal applicants (who fare the best economically) is sharply declining. By contrast, provincial nominees (who are selected by provinces to meet regional needs) are on the increase as are people who come to Canada as temporary foreign workers or international students. Despite their high numbers, these temporary entrants are not included in annual immigration planning. Even though they are now more likely to become permanent residents through provincial nominee programs or the Canadian Experience Class, temporary entrants are ineligible for most government programs and many cannot have their families with them from the outset.

It is also a concern that recent immigrants are doing worse than previous cohorts despite higher education levels. Traditional settlement services do not appear to be doing enough whereas new, labour market-oriented programs are having promising results but are not widely available. Further, although the point system for selecting federal skilled worker principal applicants has been changed several times, certain aspects still do not work as well as they should in selecting individuals most likely to succeed in an evolving economy.

This part of the paper elaborates on these issues to show the context in which recent federal policy shifts have been made and new directions must be considered.

The need for immigration

Canada, like many industrial countries, is experiencing a decline in its native-born population. As the society ages and fertility rates decrease, Canadians are not reproducing in sufficient numbers to maintain the population base. As a result, Canada is

becoming increasingly dependent on immigration. Forecasts indicate that by the year 2030 Canada will be dependant on immigration for 100% of its net population growth.²

Immigration is also vital to maintain the labour force. By the year 2011 Canada will depend on immigration for net labour force growth.³ Labour shortages are tied to the aging population as more people exit the labour force due to retirement. Labour shortages are more acute in certain parts of the country, especially in rural areas as more people migrate to the cities. Without a working-age population base, even unskilled jobs cannot be filled.

In the move to a knowledge-based economy, Canada faces a shortage of skilled workers in many occupations. Other industrial countries face similar challenges in their labour markets. As a result, countries that previously had passive or reactive immigration policies are now actively competing with Canada to recruit skilled workers. This includes countries such as India and China that have traditionally been sources of such workers. The economic growth in these industrializing countries is providing more opportunities for their own citizens who therefore have less motivation to emigrate to another country and are more likely to return if they have left their country of origin.

Canada needs strong economic immigration policies and programs to maintain its competitive edge. While some advocate “turning off the tap” during a time of economic downturn, immigration will continue to be a pressing need both to maintain the population and to meet labour market imperatives.

Because this paper deals with economic immigration it emphasizes the economic benefits immigrants bring. This should not be taken to detract from the many other ways in which immigrants contribute to the vitality and diversity of Canadian communities or from the economic contribution of immigrants who come to Canada as sponsored family members or refugees.

² Statistics Canada. 2007. *Portrait of the Canadian Population in 2006, 2006 Census*. Statistics Canada Catalogue no. 97-550-XIE. Ottawa. March. Analysis Series, 2006 Census. <http://www12.statcan.ca/census-recensement/2006/as-sa/97-550/pdf/97-550-XIE2006001.pdf> (accessed May 5, 2009).

³ Danielle Zietsma. 2007. *The Canadian Immigrant Labour Market in 2006: First Results from Canada's Labour Force Survey*. Statistics Canada Catalogue no. 71-606- XIE. Ottawa. The Immigrant Labour Force Analysis Series. <http://www.statcan.gc.ca/pub/71-606-x/71-606-x2007001-eng.pdf> (accessed May 5, 2009).

Rising and declining numbers

Economic immigration brings in the highest number of immigrants to Canada. 60% of the 247,202 permanent residents landed in Canada in 2008 were in the economic class.

TABLE 3 PERMANENT RESIDENTS LANDED IN 2008	
ECONOMIC (60%)⁴	
Goal:	▪ Contribution to the economy
Who:	▪ Federal skilled workers, business immigrants, provincial nominees, live-in caregivers, persons in Canadian Experience Class, and their dependants
FAMILY (27%)	
Goal:	▪ Family reunification
Who:	▪ Spouses, children, parents and grandparents sponsored by Canadian citizens and permanent residents
PROTECTED PERSONS (9%)	
Goal:	▪ Humanitarian
Who:	▪ Government-assisted refugees, privately sponsored refugees, refugees landed in Canada, and their dependants abroad
OTHER (4%)	
Who:	▪ Persons accepted on an exceptional basis for humanitarian, compassionate or public policy reasons

Although the total number of economic entrants increased in 2008 over 2007, it is still below the level achieved in 2005, as shown in Table 4 below.

⁴ The percentages presented in this table are based on the total number of permanent residents landed in Canada in 2008 247,202, according to *CIC Facts and Figures: 2008 Summary tables – Permanent and temporary residents*.
<http://www.cic.gc.ca/english/resources/statistics/facts2008/permanent/01.asp> (accessed on May 5, 2009).

TABLE 4
Levels and Mix 2005-2008

Source: CIC Facts and Figures, 2008.

	2005	2006	2007	2008
	Number (%)	Number (%)	Number (%)	Number (%)
Economic	156,312 (59.6)	138,252 (54.9)	131,244 (55.4)	149,047 (60)
Family	63,361 (24.2)	70,508 (28)	66,232 (28)	65,554 (27)
Protected Persons	35,776 (13.6)	32,499 (12.9)	27,955 (11.8)	21,859 (9)
Other	6,790 (2.6)	10,392 (4.1)	11,322 (4.8)	10,740 (4)
Total	262,241 (100)	251,643 (100)	236,754(100)	247,202 (100)

Decline in federal skilled workers and rise in provincial nominees

Federal skilled workers and provincial nominees are subcategories of the economic class which also includes live-in caregivers, the Canadian Experience Class, and business immigrants.

TABLE 5 ECONOMIC CLASS	
FEDERAL SKILLED WORKERS	
Goal:	▪ Meeting labour market needs
Who:	▪ Principal applicants assessed on a point system and their dependents
PROVINCIAL NOMINEES	
Goal:	▪ Meeting needs of a province or territory
Who:	▪ Persons designated by provinces according to provincial criteria (and who meet federal health and security criteria) and their dependents
LIVE-IN CAREGIVERS	
Goal:	▪ Addressing shortage of live-in caregivers
Who:	▪ Qualified caregivers (who applied for permanent resident status after a minimum of 2 years in Canada) and their subsequently sponsored dependents
CANADIAN EXPERIENCE CLASS	
Goal:	▪ Making the transition from temporary to permanent residence to contribute to the economy
Who:	▪ Qualified International students and highly skilled temporary workers already in Canada
BUSINESS IMMIGRANTS⁵	
Goal:	▪ Create jobs, contribute capital to Canadian economy, and stimulate economic activity
Who:	▪ Investors, entrepreneurs, self-employed individuals, and their dependents

The Federal Skilled Worker Program has traditionally been the cornerstone of economic immigration, with more immigrants arriving through this program than almost all other classes combined. Fifty percent of all immigrants who came to Canada in 2005 were part of the Federal Skilled Worker Program. This figure includes both the principal applicants who are evaluated on the point system and their dependents. In recent years,

⁵ Although this paper deals with economic immigration, it does not deal with the business immigrant component.

the numbers of people arriving through this program has seen a sharp decline (42% in 2008).

Table 6 shows the breakdown for permanent residents who came to Canada under the economic class in 2006, 2007 and 2008. Although there was a 14% increase overall in the economic class in 2008, provincial nominees grew by 31% since 2007 and 68% since 2006. In contrast, federal skilled workers grew by only 6% over 2007 (still below the 2006 figures) despite large numbers of pending applications.

TABLE 6									
Economic Immigrants to Canada, 2006-2008									
Source: CIC, Facts and Figures 2008									
	Total			Principal Applicants			Dependants		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Federal Skilled workers	105,945	97,852	103,734	44,162	41,251	43,358	61,783	56,601	60,376
Business immigrants	12,076	10,181	12,392	3,341	2,809	3,442	8,735	7,372	8,950
Provincial nominees	13,336	17,094	22,411	4,672	6,329	8,341	8,664	10,765	14,070
Live-in caregivers	6,895	6,117	10,510	3,547	3,433	6,156	3,348	2,684	4,354
Total economic class	138,257	131,248	149,047	56,174	53,823	61,297	82,533	77,425	87,750

Comparing the number of principal applicants under the Federal Skilled Worker Program in 2008 (Table 6) to the total number of immigrants to Canada that year (Table 4) shows that just over 17.5% of the flow to Canada is assessed on a full points system. Since research indicates that principal applicants assessed on human capital through the point system do the best economically of all permanent categories in Canada in the long term, it is cause for concern that this category is declining as federal resources increasingly focus on provincial nominees and the new Canadian Experience Class. Longitudinal data are not yet available to determine how well people who become permanent residents under these two programs fare economically.

New categories of economic applicants and federal processing priorities are factors in the decreasing numbers of federal skilled workers. Citizenship and Immigration Canada

sets administrative priorities among the categories for Canada's overseas visa posts. It has decided to prioritize those destined to Quebec, provincial nominees, temporary workers, sponsored spouses and dependent children, students applying to study in Canada, and refugees in need ahead of federal skilled workers. As a result, limited resources remain to process this group of economic immigrants.

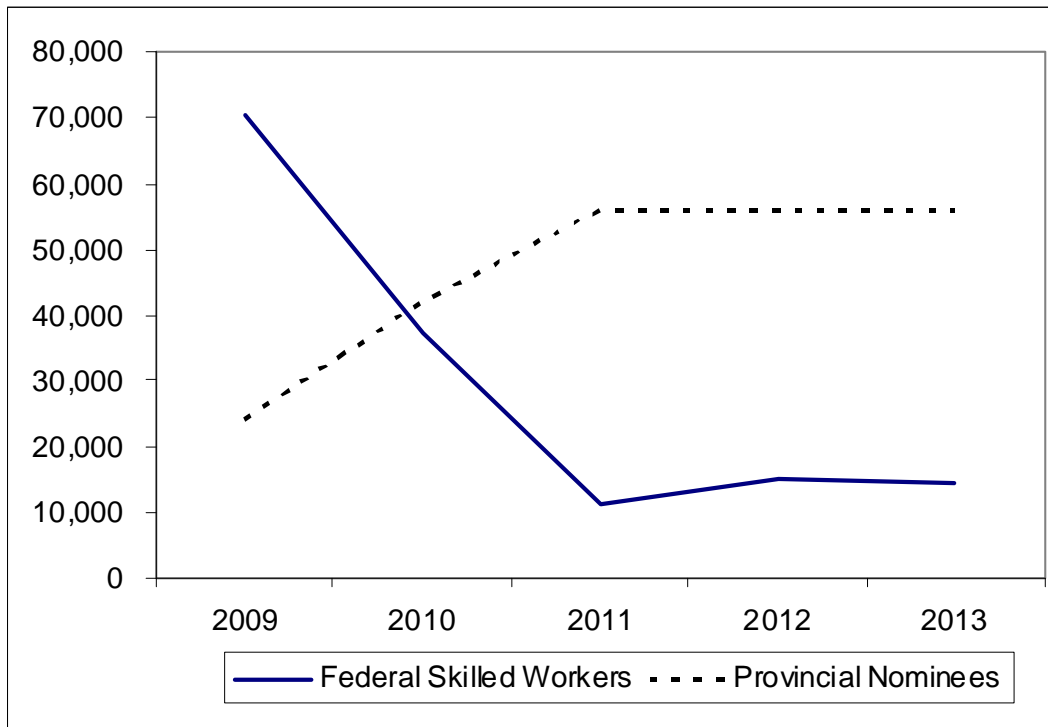
As the number of federal skilled workers declines, provincial nominees are increasing dramatically. As Table 7 shows, the numbers increased from less than 500 to over 22,000 over an eight year period.

TABLE 7 Provincial Nominee Admissions, 1999 to 2008 Source: CIC Facts and Figures										
Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Admissions	477	1252	1,274	2,127	4,418	6,288	8,047	13,336	17,095	22,411

Federal projections in Figure 1 below indicate that provincial nominees will completely overtake skilled workers. This assumes that provincial nominees grow in accordance with provincial/territorial projections and that increases in provincial nominee admissions continue to be offset by a decline in skilled workers.

Figure 1

Projected admissions of federal skilled workers and provincial nominees



Source: Citizenship and Immigration Canada

Rise in temporary entrants

Some people gain entry to Canada on a temporary basis. This includes international students who come to study at provincially recognized educational institutions in Canada. It also includes people who receive a temporary work visa under the Temporary Foreign Workers Program either under the general program (whether high- or low-skill) or in sector specific programs for live-in caregivers or seasonal agricultural workers.

The number of persons coming to Canada on a temporary basis is on the rise. Between 2005 and 2008 there was a 5.7% decline in permanent residents and a 37.6% increase in temporary entrants (students and workers). Table 8 compares the number of permanent residents who entered Canada with the number of workers and international students who entered on a temporary basis. It shows that since 2007 Canada has admitted more temporary entrants than permanent residents. This represents a significant shift away from Canada's traditional emphasis on permanent immigration.

TABLE 8 Permanent residents, temporary workers, international students (initial entry), 2008 Source: CIC Facts and Figures, 2008.					
	2004	2005	2006	2007	2,008
Permanent Residents	235,824	262,241	251,643	236,754	247,202
Total Temporary	178,841	190,724	211,076	239,247	272,520
Temporary Workers	112,719	122,848	139,268	165,215	193,061
International Students	66,122	67,876	71,808	74,032	79,459

The number of international students who initially entered the country in 2008 represents a 20% increase over 2004. This is in part because Canada's postsecondary educational institutions are making a concerted effort to attract international students to Canada.

There has been an even more dramatic increase in the number of temporary foreign workers in Canada at any one time. The stock of such workers in this country has gone up 100% between 2004 and 2008 (from 126,026 in 2004 to 252,196 in 2008). Initial entries of these workers have risen 71.2% in that same time period (from 112,719 in 2004 to 193,061 in 2008). In 2008, British Columbia, Alberta, Newfoundland and Labrador, and the Territories received more temporary workers than they did permanent residents. The extraordinary increase in temporary foreign workers, particularly at the low end, raises significant concerns. [See discussion on expansion of the Temporary Foreign Worker Program in Part 3.]

Seasonal agricultural workers, live-in caregivers, and low-skilled general workers are not entitled to bring their families with them to Canada. Temporary workers are not eligible for federally funded settlement services or language training. While they contribute to the Employment Insurance fund, these workers are also ineligible for benefits or training under that program (except for parental and compassionate care leave provisions).

Balance among entrants: tabling targets for economic immigrants

Although Citizenship and Immigration Canada tables annual immigration targets in Parliament for the three classes of immigrants (refugee, family and economic), there is no requirement to table multi-year immigration plans. This makes long-term planning and resource allocation difficult. Planning is essential to achieve the desired balance among

the three classes. It is also vital for ensuring a good balance among the subcomponents of the economic class.

When tabling targets for the economic class, there is no requirement for specific targets to be tabled for the new Canadian Experience Class in which eligible international students and temporary foreign workers can apply for permanent residence from within Canada under a two-step immigration process. Nor does the federal government develop and table targets for temporary entrants despite the fact that they are growing in number, require the allocation of government resources for their processing and, often become future permanent residents. Temporary entrants are considered to be demand-driven in that employers and postsecondary institutions determine the numbers to be admitted.

Targets are tabled for provincial nominees. In this case, however, the federal government simply tables targets provided by the provinces. While the tabling of these targets provides transparency, the federal government does not currently play a role in determining the number of immigrants in this category and the impact the numbers have on the Federal Skilled Worker Program or other components of the economic class.

The tabling of specific targets for each component of the economic class and for temporary entrants would increase transparency and support long-range planning. More active participation by stakeholders in setting levels - through a consultative process led by the federal government - would help to achieve national immigration objectives. Therefore Part 5 of this paper recommends tabling multi-year immigration plans, tabling targets for the Canadian Experience class and temporary entrants, and negotiating targets for provincial nominees (Rec. 2).

How are immigrants doing?

Immigrants as a group

Canadian-born children of immigrants exceed their parents and other Canadian residents in educational attainment and earnings. According to a study by the Institute for Research on Public Policy, second-generation Canadians with two foreign-born parents had average annual incomes of \$41,490 compared to \$39,098 for the non-

aboriginal other Canadian-born population. However, the study notes some variations by ethnic group, particularly with regard to return on education.⁶

Since the 1980s, worrisome trends have emerged for immigrants themselves. As a group, immigrants of all classes are not integrating economically as well as one would expect given their education levels. As shown in Table 9, recent immigrants (aged 25 to 54) typically have higher levels of education than persons born in Canada.

TABLE 9						
Immigration Status and Highest Education Achieved						
Source: Statistics Canada, 2006 Census of Population, Statistics Canada catalogue no. 97-560-XCB2006024.						
	Canadian born	%	All immigrants	%	Recent Immigrants (Arriving between 2001-2006)	%
Total	19,592,380		5,841,240		886,795	
No postsecondary certificate, diploma or degree	9,991,360	51	2,571,245	44	316,445	36
Postsecondary certificate, diploma or degree	9,601,015	49	3,269,995	56	570,350	64

Although more highly educated than persons born in Canada, recent immigrants tend to earn less and to be more underemployed than their Canadian-born counterparts. Among immigrants entering Canada during the 1990s, “one-fifth (18.5%) were in low income in at least four of their first five years in Canada, which is about 2.5 times higher than that observed among Canadian-born individuals or immigrants in Canada more than 10 years.”⁷ Research indicates that if low income can be avoided in the first year after arrival, the likelihood of becoming poor is only 10% or less in subsequent years.⁸

⁶ Miles Corak, “Immigration in the Long Run The Education and Earnings Mobility of Second-Generation Canadians.” *IRPP Choices* Vol. 14, no. 13, October 2008. <http://www.irpp.org/choices/archive/vol14no13.pdf> (accessed May 12, 2009.)

⁷ Garnett Picot, Feng Hou and Simon Coulombe. 2007. *Chronic Low Income And Low-Income Dynamics Among Recent Immigrants*. Statistics Canada Catalogue no. 11F0019MIE. Ottawa. Analytical Studies

Most recent immigrants are not in jobs using their experience and education achieved abroad and many with university degrees are employed in jobs that typically require high school or less.⁹ This is due in part to the discounting of credentials and experiences achieved outside Canada. Increased competition in urban centres with educated Canadian-born persons and other new entrants also plays a role, as does discrimination.¹⁰ The decline in the manufacturing sector, which was a traditional, relatively wellpaying employer of immigrants, is also a contributing factor. In highend jobs, the requirement for sophisticated language skills that many immigrants do not possess is key. In some cases the problem may simply be the lack of alignment between selection criteria and changing labour market needs.

Economic class

The above data look at immigrants as a group, including classes selected for non-economic reasons and the accompanying spouses and children of economic principal applicants. While immigrants as a group tend to be more highly educated than persons born in Canadian, economic class principal applicants have higher levels of education than other immigrants. As indicated in Table 10, 90% of economic class principal applicants have postsecondary credentials.

Branch Research Paper Series.

<http://www.statcan.gc.ca/pub/11f0019m/11f0019m2007294-eng.pdf> (accessed May 5, 2009).

⁸ Garnett Picot, Feng Hou and Simon Coulombe. 2007.

⁹ In 1991, about 12% of immigrants with a university degree had jobs with low educational requirements.

By 2006, this proportion had increased to 21%. See: Diane Galarneau and René Morissette. 2008.

Immigrants' education and required job skills. Perspectives. Statistics Canada Catalogue no. 75-001-X.

<http://www.statcan.gc.ca/pub/75-001-x/2008112/pdf/10766-eng.pdf> (accessed May 5, 2009).

For recent immigrants the proportion of university graduates who had a job for which they are overqualified

is 52%. See: Chris Li, Ginette Gervais and Aurélie Duval. April 2006. *The Dynamics of Overqualification:*

Canada's Underemployed University. Statistics Canada. Catalogue no. 11-621-MIE2006039.

<http://www.statcan.gc.ca/pub/11-621-m/11-621-m2006039-eng.pdf> (accessed May 5, 2009).

¹⁰ Jeffrey G. Reitz, "Canada: Immigration and Nation Building in the Transition to a Knowledge Economy," *Controlling Immigration: a Global Perspective*, 2nd Edition, Edited by Wayne A. Cornelius, Philip L. Martin, James F. Hollifield, Takeyuki Tsuda, Stanford California, Stanford University Press, 2004, pp.97-133.

TABLE 10 Permanent Residents 15 Years of Age or Older by Level of Education, 2007 Source: CIC Facts and Figures, 2007.		
Education level	All immigrants Percentage	Economic principal applicants distribution
0 to 9 years of schooling	16.0	3.8
10 to 12 years of schooling	16.9	3.2
13 or more years of schooling	7.7	2.8
TOTAL: NO POSTSECONDARY CREDENTIAL	40.6	9.8
Trade certificate	5.4	4.1
Non-university diploma	11.1	11.8
Bachelor's degree	28.9	43.8
Master's degree	11.8	25.2
Doctorate	2.3	5.4
TOTAL: POSTSECONDARY CREDENTIAL	59.5	90.3

In addition, principal applicants of the economic class have a much higher rate of self-declared knowledge of one or both of Canada's official languages (89% in 2007) as compared with all immigrants (68%). Researchers attribute the higher income levels of principal applicants within the economic class to this language ability which allows them to apply their education.

Skilled workers in the economic class

As indicated in Table 11 below, principal applicants in the Federal Skilled Worker Program - who are assessed under a point system for human capital - earn significantly more than other immigrants. In 2000, their average employment earnings were \$36,600 as opposed to an average of \$20,314 for all immigrants.

<p style="text-align: center;">TABLE 11 Employment Earnings for immigrants landed 1986-2001 by class and characteristics, 2001 Tax Year</p> <p><i>Source: Adapted from Daniel Hiebert, "Skilled Immigration in Canada: Context, Patterns and Outcomes" in Evaluation of the General Skilled Migration Categories, March 2006.</i></p>						
	Total	Univ.	Off.	Total	Male	Female
	Number	Deg	Lang	Av. \$	Av. \$	Av. \$
		%	%			
Federal skilled worker principal applicants (PA)	262,900	59.9	86.8	36,600	39,441	29,110
Total immigrants	1,228,050	25.0	63.6	24,723	29,269	19,509

Although federal skilled worker principal applicants fare best among other immigrants, they are not immune from declining income levels. Despite increasing education levels, they no longer earn more than the average Canadian. In 1981 skilled worker principal applicants earned approximately \$7,000 more than the Canadian average one year after arrival. In 2000, principal applicants earned \$4,000 less.¹¹

It is difficult, however, to draw conclusions about how federal skilled workers selected under the new Immigration and Refugee Protection Act (IRPA) point system are faring. Under a transitional policy prescribed by the courts, federal skilled workers who applied for immigration to Canada before the new immigration legislation passed in 2002 were assessed on the pre-existing selection criteria. Those criteria were not as heavily weighted for education and language. Data collected since the passage of the legislation have not differentiated between this transitional group and federal skilled workers selected under the new point system. An evaluation is currently underway to assess differences between the two groups.

¹¹ Citizenship and Immigration Canada. "Highlights" *The Monitor*, Spring 2004
<http://www.cic.gc.ca/english/resources/statistics/monitor/issue05/06-feature.asp> (accessed March 23, 2009).

Assessing human capital: the point system

Only the Federal Skilled Worker Program of the economic class uses the full point system to assess principal applicants. From the creation of the first point system in 1967 until the introduction in 2002 of the current Immigration and Refugee Protection Act (IRPA), federal skilled worker applicants were given high points for occupations in demand. It was difficult, however, to predict labour shortages and to keep the occupational demand lists current. The immigration system proved too slow a tool to fill identified shortages. This led to immigrants being selected on the basis of particular occupations only to come to Canada and find that their skills were no longer in demand.

In response, the IRPA introduced a revised point system designed to select skilled workers on factors that give them an advantage in a flexible, knowledge-based economy. The revised point system is more of a human capital model, emphasizing education and language ability rather than specific occupational background. This assessment of human capital is intended to objectively determine the principal applicant's adaptability to work in changing labour markets and live successfully in Canada over the long term. Federal skilled workers and their dependents are granted permanent residence in Canada if they pass all medical and security screening and if the federal skilled worker principal applicant attains the minimum number of points to pass, currently set at 67.

TABLE 12 Federal Skilled Worker Program Point System Summary Source: CIC Website (accessed May 5, 2009).	
	Maximum points
Education	25
Ability in English and/or French	24
Experience	21
Age	10
Arranged employment in Canada	10
Adaptability	10
Total	100
Pass mark = 67 points	

The current point system gives high points to people with competency in English or French, advanced levels of education and work experience. There is good reason for including these items in the point system but their relative value and the way they are assessed can be problematic. For example, knowledge of one of Canada's official languages has been identified as the single most important predictor of successful labour market integration. However the Federal Skilled Worker Program has no mandatory standardized test or independent verification to ensure the language skills are in fact in place.

In addition, although education and work experience are key components of human capital, their international attainment is discounted by Canadian employers. Studies have shown that education achieved abroad is discounted by the Canadian labour market by a factor of 30% and work experience achieved abroad is discounted by a factor of 70%.¹² Further, by granting more points for years of education, the system

¹² Naomi Alboim, Ross Finnie and Ronald Meng. "The Discounting of Immigrants' Skills in Canada Evidence and Policy Recommendations." *IRPP Choices*. Vol. 11, no. 2, February 2005.

undervalues trades even though labour market needs and job opportunities for skilled trade workers abound.

The adaptability category awards few points for social capital (such as Canadian connections or a job offer) which is often a predictor of success. Finally, while research suggests that immigrants who are quickly linked to a suitable job that recognizes their education and experience are more likely to succeed in Canada, only 10-15% of federal skilled workers have a job arranged prior to their arrival in Canada.¹³ At the same time there is increasing concern about the validity of some offers of pre-arranged employment.¹⁴

Although the evidence indicates that persons selected under the point system fare better than other immigrants, there is room for improvement to ensure that the components of the point system are the best predictors of success. Therefore Part 5 of this paper recommends ways to revise the point system to better match long-term labour market needs (Rec. 4). It also recommends ways to connect federal skilled worker applicants to employers (Rec. 5).

Services to support integration

It is not enough for Canada to attract immigrants. Immigrants need programs to help them succeed so that they can contribute to the economy and society. Early interventions can make a significant difference in the long-term integration of immigrants. This applies to economic immigrants chosen for their potential to contribute to the economy. It also applies to refugees and family class immigrants, many of whom also enter the labour market.

A survival job is not the best start. Immigrants who accept a first low paying job unrelated to their area of expertise are likely to lose their skills and find it difficult to re-

¹³ This is according to the Minister of Citizenship and Immigration, presented to Standing Committee on Finance on April 29, 2008.

¹⁴ Jeffrey G. Reitz, *Closing the Gaps between Skilled Immigration and Canadian Labour Markets: Emerging Policy Issues and Priorities*, March 2007.

enter the labour market in more appropriate occupations later on.¹⁵ Experience has also shown that early investments in language and employment training can lead to higher earnings.

These investments are not insignificant. However, they pale in comparison to the investments that individuals and their home countries have made in their education and training. They also pale in comparison to the contributions that immigrants and subsequent generations will make to Canada.

Core services

The federal department of Citizenship and Immigration Canada funds four core immigrant settlement programs, all of which are available only to permanent residents:

- 1) *Immigrant Settlement and Adaptation Program (ISAP)* provides information on life in Canada, translation and interpretation, referral to community resources, solution-focused counselling, and basic employment-related services.
- 2) *Language Instruction for Newcomers to Canada (LINC)* provides adult language training.
- 3) *Enhanced Language Training (ELT)* provides higher level labour market-oriented language training.
- 4) *The Host Program (HOST)* matches newcomers with Canadian volunteers who help them practise their English language skills, learn about available services, participate in community activities, and find job contacts in their field.

Federal funds to administer settlement programs are provided to provincial governments (as is the case in Quebec, Manitoba and British Columbia) or directly to community-

¹⁵ Government of Ontario, Ministry of Training, Colleges and Universities. *The Facts Are In! A study of the characteristics and experiences of immigrants seeking employment in regulated professions in Ontario*. Toronto, 2002.

<http://www.edu.gov.on.ca/eng/document/reports/facts02.pdf> (accessed May 6, 2009.)

based organizations through formal contribution agreements to deliver these core programs.¹⁶

Temporary workers, refugee claimants, international students and immigrants who have already become citizens are not eligible for settlement services funded by the federal government. This is a concern because more people in the first three groups now stand a good chance of becoming permanent residents but do not have the benefit of programs to help them adapt at the outset. Recent citizens often still require language and other training or services to contribute to their fullest capacity to the Canadian social and economic fabric

Three of the four programs mentioned above (ISAP, LINC and HOST) are settlement programs and do not focus on helping skilled immigrants to find employment relevant to their education and experience. The fourth program (ELT) focuses on the communication skills necessary for specific occupational sectors and has shown potential in helping immigrants to obtain jobs in their fields. However the funds allocated to this program are relatively small and short term.

Although all provinces now have some form of immigration agreements with the federal government, there is little emphasis placed in these agreements on services to promote labour market integration. And while all provinces also have federal-provincial labour market development agreements, these agreements are of little benefit to immigrants. In some cases immigrants have not worked in Canada long enough to be eligible for employment insurance and the associated labour market training programs. In other cases the insurance and programs are not available because the individuals are underemployed rather than unemployed. Nor do they assist temporary workers who are ineligible because of their immigration status. New federal-provincial labour market agreements have been put into place for persons who are ineligible for employment insurance but there are no targeted funds for immigrants.

In addition to the programs described above, the federal and provincial governments continue to work with employers, regulatory bodies and sector councils to improve

¹⁶ CIC, *Report on Plans and Priorities for 2007–2008*.
<http://www.tbs-sct.gc.ca/rpp/0708/ci-ci/ci-ci-eng.asp> (accessed April 1, 2009).

recognition of foreign qualifications and to increase labour mobility. Time will tell whether these efforts bear fruit.

New innovative services

Expanding new and successful initiatives so that they are available to more immigrants across the country will allow skilled immigrants to apply their education and experience more quickly. The types of specialized, targeted initiatives described below are not widely available or permanently funded but have demonstrated the best potential for leveraging immigrants' human capital.

Overseas services: The Canada Immigration Integration Program is a federally funded program managed by the Association of Canadian Community Colleges in the Philippines, China and India. This project helps skilled immigrants, while they are still in their home countries, prepare for the labour market by providing labour market information sessions, one-on-one employment preparation counselling, and contact with Canadian organizations that facilitate the accreditation and integration process.

Internships: Because immigrants' international work experience is unknown or unfamiliar to employers, employers often demand Canadian work experience. Internships and similar work experience initiatives provide immigrants with their first job in Canada while giving employers an opportunity to test a newcomer's skills. Although internship programs are not widely available across Canada, 75-80% of interns who participate in Career Bridge, an initiative of the Toronto Region Immigrant Employment Council, find full-time employment in their chosen careers.

Mentoring: While many immigrants to Canada have the education, experience and language skills needed to excel in the workforce, they lack professional networks in their industry or occupation. For many, this means that they are not aware of job opportunities and do not know how to find them. Mentoring is an effective way to address this challenge. Almost 80% of immigrants who participate in the Mentoring Partnership, another initiative of the Toronto Region Immigrant Employment Council, find employment within three months of completing their mentoring relationship. Of these, 85% are working in their field.

Bridge Training: Bridge training is short-term training which helps a newcomer adapt his or her work experience to the Canadian context. These programs, particularly those with

workplace components, are effective in addressing the underemployment of skilled immigrants, including those in regulated occupations. In Ontario, the Ministry of Citizenship and Immigration reports that some licensure exam pass rates have gone up from 30% to 80% for internationally trained individuals as a result of provincially funded bridging programs and 70% of graduates from these programs are working in their occupations. Ontario has recently begun to fund bridge programs on an ongoing basis where there is a demonstrated need and proof of performance. For the most part, however, bridge training in Canada tends to be offered in relatively few locations and occupations and to be funded on a project basis without sustainable funding.

Income Support or Loans: Many immigrants cannot take advantage of bridge or other training programs because they do not have income support or qualify for loans to help pay for tuition or living costs. Traditional loans from major lending institutions are not available due to the lack of collateral or credit rating. While some postsecondary institutions are beginning to grant certificates for bridge programs which will make participants eligible for student loans, in most cases, Canada Student Loans do not apply because they are restricted to persons pursuing a full degree or diploma or certificate program. A recent evaluation of the Maytree and Alterna Savings Immigrant Employment Loan Program (a loan program specifically established to fill this gap on a small scale), found that 73% of loan recipients for whom employment outcomes are known found a job in their target occupations following their training. Over a 7-year period, only 5% of borrowers defaulted.¹⁷

Local multi-stakeholder councils: Local multi-stakeholder councils are a promising source of new innovative labour market initiatives such as internship, mentoring and loans. These councils bring together employers, regulatory bodies, postsecondary institutions, immigrant aid organizations and all orders of government to collaborate on the identification and implementation of local solutions. The first council was the Toronto Region Immigrant Employment Council which has raised employer awareness and provided labour market opportunities for skilled immigrants. Based on the success of this model, the McConnell and Maytree foundations are co-sponsoring the development of

¹⁷ The Maytree Foundation. *Evaluation of the Maytree Alterna-Savings Immigrant Employment Loan Program*. Toronto, January 2009.
http://maytree.com/PDF_Files/AlternaMaytreeLoanProgramEvaluation.pdf (accessed April 20, 2009).

local councils in other locations across the country. While the councils are making a difference in the successful labour market integration of skilled immigrations, their funding tends to be time-limited and project-based.

A strategic investment in services will have a significant impact on the successful labour market integration of skilled immigrants, whether they arrive as members of the economic class or as refugees or family class immigrants. Therefore Part 5 of this paper recommends expanding overseas information and services (Rec.12), broadening eligibility for federally funded settlement services (Rec.13), expanding access to funding for labour market services (Rec.14) and funding successful and creative labour market supports (Rec.15).

3. RECENT POLICY SHIFTS

In the past several years, the federal government has fundamentally changed the paradigm for economic immigration through a series of policy shifts. These include:

- Introduction of restrictions for federal skilled workers through ministerial instructions
- Expansion of provincial nominee programs
- Expansion of the Temporary Foreign Worker Program
- Establishment of the Canadian Experience Class which provides the possibility of transition from temporary to permanent residence

Restrictions on federal skilled workers

In 2008, as part of the Budget Implementation Bill, the federal government made legislative changes to the Immigration and Refugee Protection Act (IRPA) which gave the Minister of Citizenship and Immigration Canada powers to limit the number of immigration applications Canada processes; accelerate some applications or groups of applications; and return applications without processing them to a decision if they do not meet the requirements of Ministerial Instructions. This was done ostensibly to deal with the growing inventory of 900,000+ immigrant applications to Canada. The legislation does not require Ministerial Instructions to be put into regulations or gazetted in advance of cabinet approval and implementation.

Later that year, following consultation with the provinces and stakeholders, the government announced that it would be using these powers to limit federal skilled worker applications submitted after February 27, 2008 to 38 occupations determined to be in demand and to applicants with offers of pre-arranged employment. As a result, new federal skilled worker applications are assessed under the point system only if the principal applicant meets one or both conditions. Immigration officials return all other applications to federal skilled workers who are then advised that they have the option of applying under provincial nominee or temporary programs if eligible.

The Ministerial Instructions have prevented the creation of a new backlog of federal skilled worker applications. However, this approach was attempted under previous immigration legislation and at that time occupation lists were proven to be an unwieldy

and unsuccessful tool. History seems to be repeating itself as elements of the current occupation list are already out of date due to changes in the economy, with some identified jobs no longer in demand. In addition, the new occupation list was released several months after the legislative amendments were passed and had retroactive application which caused uncertainty within the system and among potential applicants.

Provinces have complained that the list is too narrow and limits the range of occupations necessary for a thriving economy. Some provinces have expressed the concern that the policy will require them to enhance their provincial nominee programs and the resources to run them, purely to get the range of occupations they need.

There are also continuing problems with regulated professions and trades appearing on the occupation list. This contributes to the impression that new immigrants will be able to work in their occupations in Canada as soon as they arrive, when in fact many will face barriers in obtaining licensure from the relevant regulatory bodies. Further, some people in trades on the occupation list will be unable to meet the points required for skilled workers even though their occupations are in demand. This is because of the point system's emphasis on postsecondary education.

The result is that expectations are unrealistically raised for potential immigrants in occupations on the list, and Canada is no longer seen as a country of destination for those in other occupations. This effectively reduces Canada's competitiveness for the international skilled worker pool.

Restrictions on new federal skilled worker applications reduce the volume of new applications but create new problems. There are better ways to recognize demand occupations without restricting access to other occupational groups. Therefore Part 5 of this paper suggests dispensing with an exclusionary occupations list created by Ministerial Instructions, adding points for occupations under pressure, and fast-tracking applicants from those occupations. (Rec. 4)

Growth of provincial nominee programs

All provinces now have provincial nominee programs under federal-provincial agreements. These programs allow provinces to select individuals for permanent residence in Canada. Each province determines its own criteria for selection based on its demographic and labour market needs and priorities. Once selected by a province, immigrants receive expedited permanent residence as long as they meet federal health and security requirements. There is no requirement to be assessed under the federal skilled worker point system.

Provincial nominee programs were initially developed in Saskatchewan (Pilot 1998, agreement 2002), Manitoba (1998), New Brunswick (1999), Newfoundland (1999), Nova Scotia (2002), and Prince Edward Island (2001). This was, in part, an attempt to address shrinking labour supply and aging populations by attracting immigrants who would otherwise continue to settle primarily in Ontario, British Columbia and Quebec.

As the economies of western Canada heated up, Alberta (2002) and British Columbia (2004) developed their own provincial nominee programs because the Federal Skilled Worker Program was not meeting regional needs in terms of numbers, processing times, occupations and skills. Ontario, which has traditionally received the lion's share of immigrants to Canada, was the last province to develop a provincial nominee program. Ontario started its program in 2007 on a pilot basis and then made it permanent due, in large part, to the decline of the federal skilled worker flow.

Provincial nominee programs are growing dramatically. As discussed under "rising and declining numbers" in Part 2 of this paper, the number of provincial nominees grew from less than 500 to over 22,000 over an eight year period. In 2008 provincial nominees comprised nine percent of the total immigrant flow to Canada.

Provincial nominees now receive administrative priority in processing and there is no longer a cap on the number of immigrants a province may select. As a result, the number of provincial nominees is growing at the expense of the Federal Skilled Worker Program.

While provincial nominees serve an important purpose in a country as large and diverse as Canada, the program is growing without the benefit of common standards or a

national framework. Potential immigrants are confronted with the Quebec immigration program, nine provincial nominee programs, and one territorial program, each with their own sub-components, selection criteria, fees, application processes, and timelines. This is confusing to both visa officers and applicants who increasingly need to rely on immigration lawyers and consultants to help them sort through the maze.

Individuals with the same attributes are treated differently depending on the provincial nominee program to which they apply. For example, some provinces charge fees for provincial nominees on top of fees charged by the federal government, while other provinces do not. In some provinces, only highly skilled persons are eligible to be provincial nominees while other provinces will accept low-skilled persons. In some cases, individuals can arrive from overseas as permanent residents without having had to work first as a temporary worker. In other provinces, people need to work for six or nine months as a temporary worker before applying for permanent residence under a provincial nominee program. In the absence of evaluation, it is difficult to determine which provincial variations should be continued and where national standards are required.

National standards are also important because permanent residents have guaranteed mobility rights under the Charter of Rights and Freedoms. As such there is no obligation on provincial nominees to remain in the province that selected them once they have obtained permanent resident status. They can move to another province to join friends or relatives whether or not their skills are needed there and without the human capital necessary to adapt to different economic circumstances.

Provincial nominee programs were initially established to complement the Federal Skilled Worker Program but they are well on its way to replacing it. What started out as niche programs to respond to specific regional needs could become the primary sources of economic immigrants to Canada. This is happening by default and at a significant cost to the provinces. The unbridled growth in provincial nominee programs is taking place without the benefit of an evaluation as to whether nominees are staying in the provinces that selected them or how well they are faring economically. In addition, reports of provincial Auditors General have drawn attention to troubling and questionable practices in the implementation of provincial nominee programs in Prince Edward Island, Nova Scotia, and Newfoundland and Labrador. For example, the audits found evidence of

fraud, conflict of interest among program administrators, and inappropriate fees charged to immigrant applicants.

While provincial nominee programs serve a useful purpose, a national framework would provide more transparency, consistency and assurance that the programs are furthering both the national and provincial interests. Therefore Part 5 of this paper recommends the creation of a national framework for provincial nominee programs, with room for custom variations, to complement but not replace the Federal Skilled Worker Program (Rec. 6).

Expansion of the Temporary Foreign Worker Program

The federal government's Temporary Foreign Worker Program allows eligible foreign workers to work in Canada for an authorized period of time, provided that employers can demonstrate that they are unable to find suitable Canadians or permanent residents to fill the position. Temporary workers can arrive through the general foreign worker program or under a sector-specific program. The two main sector-specific programs are the Canadian Seasonal Agricultural Workers Program and the Live-in Caregiver Program.

Generally an employer must make a request to Human Resources and Skills Development Canada (Service Canada) for a labour market opinion that ensures, among other things, that the employer has made an attempt to hire Canadians or permanent residents, that the foreign worker will be paid the prevailing wage rate, and that the recruitment of a foreign worker does not affect a labour dispute. In order to obtain a labour market opinion, an employer must assume specific responsibilities depending on the occupational group. These include posting the opportunity in the national Job Bank and meeting other advertising requirements. Advertisements must clearly show the job duties, position requirements, wages and working conditions.¹⁸

¹⁸ HRSDC "HRSDC/SC Assessment for Labour Market Opinion" *Website*. http://www.hrsdc.gc.ca/en/workplaceskills/foreign_workers/temp_assessment.shtml (accessed May 6, 2009).

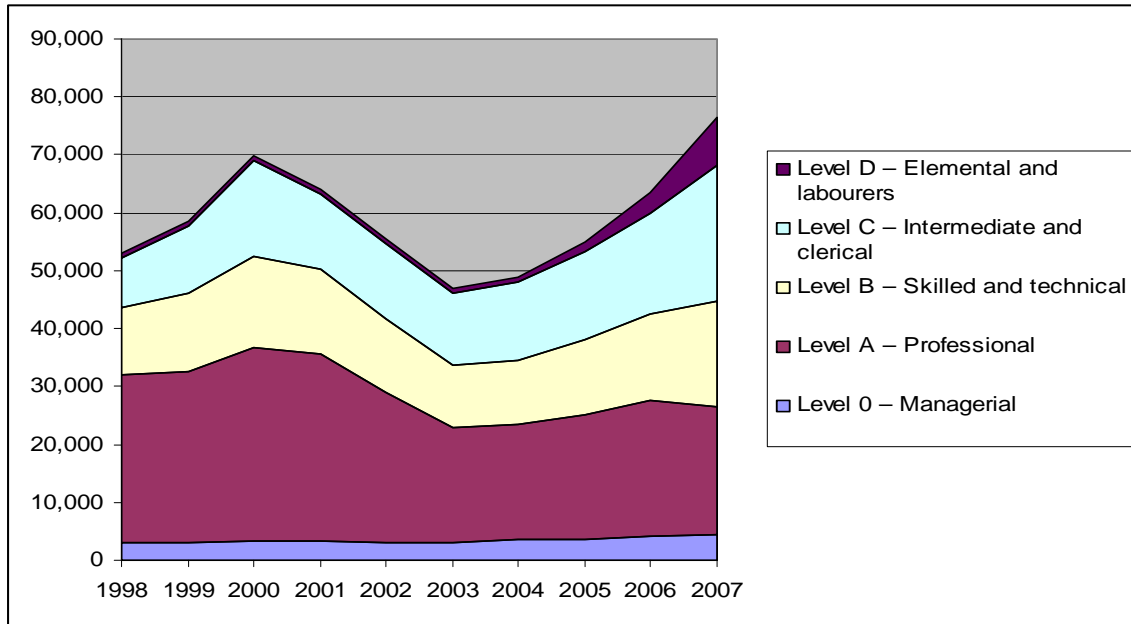
There have been several modifications to the Temporary Foreign Worker Program in recent years, including the introduction of a Low Skill Pilot Project, promoting and expediting the program, and an increase in the duration of temporary visas. In addition, similar to the Live-In Caregiver Program, some temporary residents, after an eligibility period, can now apply for permanent residence through the Canadian Experience Class and some provincial nominee programs.

Increase in low-skilled workers

Like Provincial nominee programs, the Temporary Foreign Worker Program was intended to be a limited, controlled and selective program to meet specific labour market needs. The original emphasis was on skilled workers in short supply for temporary jobs at the high-end and two specific sectors (live-in caregivers and agricultural workers) at the low end. Increasingly, however, the program is being used by employers to fill low and unskilled jobs quickly with people who do not have the minimum points required by the Federal Skilled Worker Program point system.

This trend began in 2002 with the launch of the Pilot Project for Occupations Requiring Lower Levels of Formal Training (National Occupation Classification C and D), also known as the “Low Skill Pilot Project”. This pilot project allows employers to recruit for positions that usually require only a high school diploma or on-the-job training.

FIGURE 2
INITIAL ENTRY OF FOREIGN WORKERS BY OCCUPATIONAL SKILL LEVEL (IF KNOWN)
SOURCE: CIC FACTS AND FIGURES 2007.



Promoting and expediting the program

The federal government has been aggressively promoting the Temporary Foreign Worker Program to employers and actively helping them with the process. In September 2006 the government created two temporary worker units to help employers bring in temporary workers more quickly. While the units do not issue work permits, they “provide advice to employers who plan to hire temporary foreign workers who are exempted from the labour market confirmation process. The units also pre-screen supporting documents from employers to streamline the application process of such workers.”¹⁹ In February 2008, the federal government established more units in Toronto and Moncton.

Increased duration of “temporary” visas

In February 2007, under pressure from employers, the maximum amount of time for which labour market opinions can be issued increased from 12 months to 24 months.

¹⁹ Citizenship and Immigration Canada. “Canada’s new government helps to match foreign skilled workers with companies in need.” *News Release*, July 31, 2006.

This change applied to the Low Skill Pilot Project as well as the general system. Virtually no debate occurred on whether or not a two-year labour market need should still be considered “temporary.” In fact many employers are using temporary foreign workers to fill permanent vacancies.

Impact of program expansion

The Temporary Foreign Worker Program has proved to be an effective labour market tool at the high-end. People around the world are more mobile than ever before. Highly skilled migrants can – and do – move from London to Paris to Dubai in search of opportunities, generating wealth, promoting trade and creating jobs. Ensuring that the program encourages these high flyers to choose Canada is good for the country, provided they do not displace highly skilled workers already in the country who are unemployed or underemployed. Canada needs to attract such individuals to reap short-term benefits for the economy through their skills and connections. They can also be encouraged to apply for permanent residence under the Canadian Experience Class or provincial nominee programs.

It is less clear that Canada will see economic benefits from an expanded low-skill temporary worker program. Nonetheless, the recruitment of low-skilled workers has grown significantly in recent years. This can be attributed to the federal government’s promotion of the Temporary Foreign Worker Program and the introduction of the Low Skill Pilot Project.

Some economists see the recruitment of low-skill temporary workers as interfering with market forces which they believe would otherwise result in higher wages, better working conditions, investment in research and development, and the employment of unemployed permanent residents and citizens.²⁰

Some also point to the fraudulent use of labour market opinions where workers arrive to a non-existent employer or job, leaving them vulnerable to unscrupulous recruiters. In

²⁰ See for example: Dominique M. Gross and Nicolas Schmitt. “Temporary Foreign Workers and Regional Labour Market Disparities in Canada.” *Metropolis British Columbia Working Paper Series*. No. 09 - 05 June 2009. <http://riim.metropolis.net/Virtual%20Library/2009/WP009-05.pdf> (accessed July 19, 2009).

addition, there is evidence that growing numbers of low end temporary workers are subject to exploitation. The vulnerability arises because these workers are ineligible for services, subject to mobility restrictions, and dependant on their employer. They also have the added pressure of being unable to bring their families with them or to apply for permanent residence under the Canadian Experience Class. Depending on the province, many are also ineligible to apply as provincial nominees. Low-skilled workers are also more vulnerable to downturns in economic cycles. This risks the creation of an undocumented underclass at the low end if they do not leave when their jobs end or their visas expire.

While temporary foreign workers have the right to some of the same protections as other Canadians and permanent residents under provincial employment legislation, workers filling low or unskilled jobs are vulnerable to abuse because of language barriers, lack of knowledge about their rights, limited access to agencies that can help them (especially when they are working in remote parts of Canada), and inadequate enforcement of employment legislation. They are also under self-imposed pressure to “stick it out” no matter how bad the working conditions because of the reliance of their families on the remittances they send home.

Some temporary foreign workers are subject to high fees charged by brokers in Canada and abroad, deductions from their pay cheque for services to which they will never have access, lower than promised wages, inadequate housing, misleading guarantees about immigration status, and unfulfilled promises of employer-paid travel to and from their country of origin.²¹

Some provinces have taken action to respond to these vulnerabilities. For example, Manitoba has introduced legislation to regulate recruiters. Alberta now provides services to temporary foreign workers. Others have increased the monitoring of employer practices. These are positive developments but are onerous on provinces, are not widely available, and do not address the root causes of the problem.

²¹ Alberta Federation of Labour. “AFL sets up Temporary Foreign Worker Advocate Office” *News Release Backgrounder*. May 4, 2007. <http://www.newswire.ca/en/releases/archive/May2007/04/c5238.html> (accessed May 5, 2009).

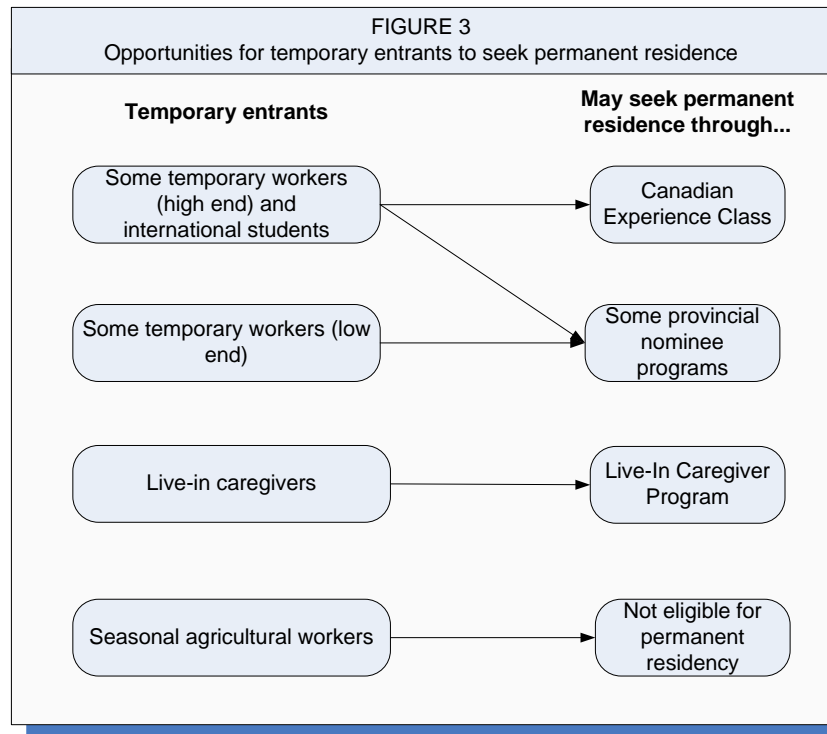
In light of all these problems, the trend toward temporary low-skilled workers must urgently be stopped. If as HRSDC forecasts there will be an ongoing shortage in certain low-skilled occupations (such as nursing home and tourism sector workers), permanent solutions are needed. For example, employers need to find ways to make low-skill jobs more attractive to people already in Canada, whether Canadian born or from any of the three immigrant classes. Training programs and improved working conditions would encourage people to move into occupations where shortages exist. In addition family class and refugee admissions could be increased to attract more working age immigrants (perhaps by allowing the sponsorship of siblings). As permanent residents, they have rights and access to services that prevent the kind of exploitation experienced by temporary foreign workers.

The priority processing of highly skilled temporary workers must also be examined since it detracts from processing permanent federal skilled workers who have expressed an interest in staying in Canada. Only where a need is truly short term are high-end temporary workers an appropriate response. It is simply not advisable to address ongoing shortages with temporary workers.

Due to the potential for exploitation and abuse, Part 5 of this paper recommends eliminating the Low Skill Pilot Project for temporary foreign workers and suggests alternatives to it. (Rec. 7) It also recommends monitoring the recruitment and working conditions of temporary foreign workers (Rec. 8) and strengthening the labour market opinion process (Rec. 9).

Transition to permanent residence: Canadian Experience Class

Increasing numbers of persons are making the transition from temporary to permanent residence. In the past, such transitions were limited to specific groups such as live-in caregivers. With the expansion of provincial nominee programs described above, temporary residents now have another avenue for pursuing permanent residence, depending on provincial eligibility requirements. In addition, the new Canadian Experience Class is designed specifically to allow eligible international students and highly skilled temporary workers to make the transition to permanent status.



Canadian Experience Class

In 2008 the federal government created the Canadian Experience Class. This new class of economic immigrants allows qualifying international students and highly skilled temporary workers to apply for permanent residence from within Canada. Applicants must meet language requirements and intend to live outside Quebec.

International students

To apply under the Canadian Experience Class, international students must have graduated from a full time Canadian postsecondary educational program of at least two years duration or a one-year masters program and an additional prior year of education in Canada. The programs must be offered by a provincially recognized educational institution. Applicants must also have one year of full-time (or equivalent) work experience in Canada in a skilled occupation. The work experience must be gained within two years of applying.

The Canadian Experience Class is an exciting opportunity to welcome young people who have been educated in Canada and therefore will not have trouble getting their credentials and language skills recognized by Canadian employers. Their experience in

Canadian workplaces and campuses also enables them to build networks and social capital which will help them integrate well on a long-term basis. The program has the potential to increase the profile of Canadian universities and colleges on the world stage and to enhance the revenue-generating capacity of these public institutions.

There is a danger, however, that the Canadian Experience Class will overwhelm Canada's postsecondary education system. This will happen if would-be immigrants begin to see education in Canada as a quicker route to permanent residence than the Federal Skilled Worker Program. In Australia, where a similar policy has been implemented, the demand for postsecondary education by foreign students has increased substantially. Approximately 50% of current immigrants in Australia initially entered the country as international students. Unlike in Australia, many Canadian postsecondary institutions are already at capacity and are not prepared to deal with increased enrolments of international students who have unique language and settlement needs. On the other hand, the differential tuition that international students pay makes them an attractive pool from which to draw. Educational institutions could be tempted to adjust their offerings, standards and admission policies to capitalize on this revenue source, potentially jeopardizing places for domestic students who are choosing in increasing numbers to continue their postsecondary education, especially in bad economic times.

Research from Australia contains cautionary tales. In that country some private educational providers have accepted growing numbers of international students without safeguards in place to assure education quality and to prevent exploitation and the distortion of course offerings.²²

Temporary foreign workers

A temporary worker must have two years of work experience in Canada in a highly skill occupation to apply for permanent residence under the Canadian Experience Class. Skilled work experience is defined under the Canadian National Occupational

²² Leslyanne Hawthorne, "Demography, Migration and Demand for International Students", *The Asia Pacific Education Market*, edited by C. Findlay and W. Tierney, World Scientific Press, Singapore, 2009.

Classification (NOC) as management (Skill Type 0), professional occupations (Skill Level A) and technical occupations and skilled trades (Skill Level B).

One of the positive aspects to this policy change is that it allows highly skilled temporary workers to apply for permanent residence from within Canada. This will increase Canada's competitiveness in attracting highly skilled workers who see permanent residence as their ultimate goal. Given their labour force attachment here, part of their integration into Canadian society has already begun. They have demonstrated their skills by working for an employer in Canada, thereby gaining Canadian experience and references.

It is a concern, however, that the Canadian Experience Class excludes temporary workers who work in unskilled or low-skill jobs, even though this has recently been an area of significant growth in the Temporary Foreign Worker Program. The result is that about 40% of those recruited to Canada as temporary workers in 2007 will not qualify for the Canadian Experience Class.²³ This means one of three things: people will continue to be employed in Canada on temporary status with no access to services and no possibility of family reunification; they will leave when their visas expire, requiring employers to recruit and train other temporary workers to replace them; or they will go underground and become undocumented workers vulnerable to abuse. As more people go underground, Canada will face problems like those European countries experienced with their guest workers in the 1960's and 70's and by the United States with its illegal immigrants.

Although this paper recommends eliminating the Low Skill Pilot Project for low-skilled workers, people who have already arrived under that program are particularly vulnerable. Therefore Part 5 of this paper recommends that eligibility for the Canadian Experience Class be expanded on a one-time basis for temporary foreign workers already admitted under the Low Skill Pilot Project (Rec.11)

²³ This figure is based on CIC Facts and Figures 2007 initial entry of foreign workers. It excludes those temporary workers whose skill level is not known.

4. CUMULATIVE IMPACT

This paper has described recent changes in federal policies and programs that affect economic immigration to Canada. While there are advantages to some aspects of the new directions, they also raise serious concerns. Looking at the changes as a whole, the following conclusions emerge.

- **Recent policy changes have dramatically changed the paradigm for economic immigration to Canada.**
- **They represent a fundamental policy shift in the absence of public debate, evaluation and planning.**
- **The cumulative impact is a reduced emphasis on federally selected skilled workers in favour of temporary entrants, provincial nominees and the Canadian Experience Class.**

Looking at the policy shifts as a whole, Canada has gone too far in three directions:

1. Short-term focus
2. Two-step immigration
3. Devolution of federal roles

Short-term vs. long-term focus

Human capital should be the primary basis for economic immigrant recruitment.

Canada's economic immigration policies have become increasingly short-term in nature, tending to focus on immediate labour market needs. While it is important to devote some energy and resources to short-term needs, this should not be done at the expense of longer-term economic needs and nation building. As a start, governments need to dramatically shift their attention to the longer term by making human capital the primary

basis for economic immigrant recruitment. In particular, Canada needs to attract and retain young people and skilled workers who are adaptable to the changing economy. This is becoming more challenging as competition from other industrialized countries increases.

Research shows that three factors make a difference in terms of long-term immigrant success in the labour market.

(1) Human capital

Immigrants do best when they come to Canada with human capital. Human capital is the collection of characteristics individuals possess that enable them to contribute and adapt to the economy. Education, language skills, and transferable work experience are hallmarks of human capital. Of these characteristics, language ability is the best predictor of success, followed by education.²⁴ Although immigrants overall are doing more poorly than previous cohorts, skilled worker principal applicants continue to achieve the highest income levels of all immigrant categories because the point system assesses them for human capital.

Although human capital is the number one predictor of immigrant success, Canada has weakened the human capital model by adding an occupation screen to the Federal Skilled Worker Program and by giving priority to temporary workers and provincial nominees. Under these “priority” programs, new entrants are not necessarily chosen for their long-term ability to contribute to Canada and, in a rapidly changing economy, it is not known whether they will be able to adapt. Canadian work experience has a positive effect on integration which suggests that employer sponsored provincial nominees will have an advantage in the labour market. However there is no evidence that these individuals will perform better than federal skilled workers over the long term, particularly in the absence of language skills or the education required under the points system. At a minimum, programs for temporary workers, provincial nominees and the Canadian Experience Class should not result in a decrease to the Federal Skilled Worker Program.

²⁴ This is because of forecasts which suggest that educational attainment will increase in importance in our labour market. An HRSDC study entitled *Looking Ahead: A Ten-Year Outlook for the Canadian Labour Market* found that between 2006-2015 about two-thirds of job openings (65.9%) will require postsecondary education, up slightly from 63% over the last 10 years.

Canada also needs to move away from the exclusionary short-term occupation focus that has crept back into the Federal Skilled Worker Program through the Ministerial Instructions issued in the fall of 2008. If a prospective immigrant is not in one of the 38 occupations listed in the Ministerial Instructions, or in possession of an offer of arranged employment, he or she is barred from even being assessed as a principal applicant under the federal skilled worker point system. This will not serve Canada well in the long term since a far broader range of skills is needed across the country. Immigration legislation in place prior to 2002 demonstrated that a primarily occupational focus for selection does not work. More importantly, it is clear that human capital is the best predictor of success, especially in terms of being able to adapt to a changing economy.

The Federal Skilled Worker Program is the only program that allows the federal government to choose future citizens based on an assessment of human capital and represents the best strategy for long-term economic success. Therefore Part 5 of this paper recommends that the Federal Skilled Worker Program be Canada's priority for economic immigration (Rec. 3).

(2) Social capital

Social capital is also a predictor of immigrant success. People's social capital consists of the friends, family, and networks in Canada that can assist them. Research suggests that those with family connections are more likely to stay in the country. Social capital is also why family class immigrants tend to do better than other classes of immigrants in their first year in Canada, because they have networks of family and friends who can help them find employment and settle in Canada.

The skilled worker points system currently allots only minimal points for social capital. Therefore Part 5 of this paper suggests increasing the number of points awarded for having family connections in Canada. (Rec. 4)

(3) Access to services

Human capital and social capital are essential but insufficient on their own to achieve economic success. Access to services (such as bridge training, enhanced language training, mentoring, and internship) is often the key to labour force integration for

immigrants. Early interventions make a difference, ideally before arrival or shortly afterwards. Unfortunately new innovative services for immigrants are not widely available. Only with increased access and investment to such specialized services can real progress be made to unlock the talents that immigrants bring.

See recommendations 12 to 15 about services for immigrants in Part 5 of this paper.

Impact of the economic downturn

Policy makers should be cautious about making short-term decisions in a period of economic downturn that could have a negative impact in the long term. Members of the family class and refugees will continue to arrive since social reunification goals and the need for protection do not change with the economy. The question is whether Canada should continue to admit large numbers of economic class immigrants in a downturn.

Statistics Canada research has shown that immigrants who arrive during an economic downturn find it difficult to find work in their area of expertise due to competition within the domestic population for fewer jobs. They may be doubly disadvantaged when the upturn happens because they will have lost skills in the interim or never had the chance to obtain Canadian experience. This is referred to as “business cycle scarring”.²⁵ It means that immigrants who come in at the low end of the business cycle will never catch up with those who come in at the high-end unless targeted interventions are put into place. Therefore for immigrants who continue to arrive and for those who are laid off during such periods, special interventions are required.

While “turning off the tap” for economic immigrants may seem like a good short-term strategy, it will not help Canada to achieve its long-term goals of population and labour force growth. Canada would lose skilled immigrants to other countries making it difficult to later regain its competitive edge. Canada has an aging population and faces current and future skill and labour market shortages. If the country does not keep up with

²⁵ Abdurrahman Aydemir. 2003. *Effects of business cycles on the labour market assimilation of immigrants*. Statistics Canada catalogue no. 11F0019MIE. Ottawa. Analytical Studies Branch research paper series, No. 203.

<http://www.statcan.gc.ca/pub/11f0019m/11f0019m2003203-eng.pdf> (accessed on May 5, 2009).

immigration during bad economic times, it will be unprepared when times improve. It is therefore important to have a robust immigration program even in uncertain economies, but it must be managed with longer-term goals in view.

Due to economic uncertainties in an economic downturn, employers reduce the number of temporary workers they recruit, provinces reduce the number of nominees they select, and the number of international students declines. This makes the continued intake of federal skilled workers even more important.

Immigrants who arrive or are laid off in a time of economic downturn need access to services and supports to prevent deskilling and ensure they are prepared for the upturn. Therefore Part 5 of this paper recommends enhanced access to such services. (Rec. 15)

Two-step vs. one-step immigration

A two-step process reduces Canada's competitive edge for attracting immigrants and delays services and supports that improve their prospects for successful integration to Canadian life.

Increasingly, federal economic immigration policies give preference to people who come to Canada on a temporary basis before they can apply for permanent residence. While two-step immigration previously existed on a limited basis (e.g., through the Live-In-Caregiver Program), it is now much more common due to the growth of provincial nominees and the establishment of the Canadian Experience Class, coupled with increased efforts to recruit temporary foreign workers.

The potential impact of a two-step process is considerable. Those who ultimately achieve permanent residence may not make a successful transition because they did not have access to settlement or language services when they arrived. Many will not have been able to have their families with them during the temporary period. There is also a danger that those who are not successful in achieving permanent residence will remain in Canada underground, undocumented and ineligible for services.

All Canadian Experience Class members and many provincial nominees are temporary entrants before becoming permanent residents. For highly skilled temporary workers who are filling permanent positions and whose intention is to remain in Canada, this temporary status is an unnecessary hurdle. The granting of immediate permanent residence is a competitive edge that Canada will lose. The two-step process makes Canada less competitive with other countries who are also recruiting skilled immigrants. Because two-step immigration extends the amount of time people must live in Canada before being eligible for permanent residence and then citizenship, it will also have implications on their long-term relationship to Canada.

“One-step” immigration where permanent status, services, rights, and the count-down to citizenship eligibility begin immediately upon entering Canada, should be the preferred policy.

Federal vs. devolved roles

Canada selects future citizens, not just workers. Immigration is about nation building.

Through provincial nominee programs and the Canadian Experience Class, the federal government has devolved to others (provinces, employers, and postsecondary institutions) much of its role and the costs associated with selecting the future citizens of this country. This has resulted in a patchwork of criteria, admission requirements, costs, processes, services and supports which are difficult to understand or predict. While other countries are trying to consolidate their immigration programs, Canada is going in the other direction, potentially jeopardizing its competitive edge.

Provinces, employers, universities and colleges do not have the national interest as their mandate or objective. Nor do employers and postsecondary institutions have the capacity to provide the necessary supports and services to ensure immigrants’ successful long-term integration. While there is value to involving these players, the right balance needs to be found between the federal government’s role in ensuring the national interest and more devolved decision-making to respond to local needs. It is also necessary to ensure that devolved selection does not become so prevalent that it undercuts recruitment under the Federal Skilled Worker Program.


The combination of two-step immigration and devolution of the federal role makes it especially important to define the roles of employers and postsecondary institutions in the immigration process. Employers select temporary workers on the basis of their immediate ability to do a particular job; educational institutions select international students on the basis of their immediate ability to learn a particular subject matter. Neither group is in the business of selecting individuals on the basis of their long-term potential to contribute to Canada as citizens. Neither the Canadian Experience Class nor the provincial nominee programs provide clarity about the role of employers and educational institutions now that they are involved in choosing Canada's permanent residents and future citizens. For example, there is a lack of clarity about:

- Factors that should be considered when selecting highly skilled temporary foreign workers or international students in addition to suitability for the job or academic program;
- The support expected from employers and postsecondary institutions to help eligible temporary workers or students make a successful transition to permanent residence; and
- The documentation or certification that employers and postsecondary institutions must provide as proof that the employment or education required by the Canadian Experience Class or a provincial nominee program has in fact been completed.

Canada needs a national vision and frameworks that provide transparency, realistic expectations, identified roles, and consistent criteria and services for economic immigrants. All components must contribute to an integrated system that helps to achieve Canada's national objectives. Therefore Part 5 of this paper recommends that a national vision should be articulated for economic immigration through public dialogue and debate (Rec. 1). It also recommends that roles be clearly identified for employers and postsecondary institutions (Rec. 10).

5. MOVING FORWARD

A strong immigration program will build on Canada’s past success and create new economic opportunities for persons the nation welcomes to the country. It will help Canada to meet its population and labour market needs while also improving outcomes for immigrants. As the above discussion of policy shifts and their cumulative impact has shown, Canada has gone too far in favour of short-term fixes vs. long-term solutions, temporary entrants vs. permanent residents, and devolved decision-making vs. national frameworks. This does not mean that the newer policies and programs are without merit – in fact they have some positive aspects. It does mean that the balance must be adjusted to ensure that national and long-term goals predominate to maximize the benefits to Canada and its immigrants. Table 1 (which also appears in the Overview to this paper) illustrates ways in which the balance needs to shift.

TABLE 1 ADJUSTING THE BALANCE	
LESS	MORE
	
<ul style="list-style-type: none"> ▪ Short-term focus ▪ Two-step immigration: emphasis on temporary entrants ▪ Devolution of federal roles in immigrant selection ▪ Traditional approach to immigrant services ▪ Rapid changes without debate and evaluation 	<ul style="list-style-type: none"> ▪ Long-term vision ▪ One-step immigration: emphasis on a revitalized Federal Skilled Worker Program ▪ Selection of immigrants under national frameworks with room for custom solutions and clearly defined roles ▪ Creative approaches to immigrant services with labour market focus ▪ Debate and evaluation to inform and achieve national vision

Accordingly, this paper proposes three strategic directions for enhancing Canada's economic immigration:

- 1. Adopt a national vision for economic immigration.**
- 2. Improve current programs.**
- 3. Invest in labour market services that work.**

The recommendations below have been designed to move forward in these directions.

Adopt a national vision for economic immigration

Recommendation #1

Articulate a national vision for economic immigration through public dialogue and debate.

A national vision will guide and inform economic immigration to Canada to ensure that all components of the program work together to achieve national objectives while taking into account regional and local needs. The federal government should lead a process of public dialogue and debate on the vision. Suggested components include:

- Clear objectives for what Canada wants to accomplish through economic immigration, in concert with domestic postsecondary and training policies, in order to contribute to a knowledge-based economy.
- The relative share of immigration to Canada that economic immigration should comprise while sustaining strong family class and humanitarian admissions.
- The relative balance between the various components of the economic class, with an emphasis on skilled workers selected for their human capital.
- A strong preference for permanent as opposed to temporary entrants.
- The best way for economic immigration to respond to national, provincial and local economic needs.
- The roles to be played by all orders of government, employers, postsecondary institutions and other stakeholders to ensure the success of economic immigration.
- Ongoing evaluation to ensure economic immigration programs are contributing to the national vision.

Recommendation #2

Improve the capacity for long-range planning to achieve the vision.

Implementing a national vision means ensuring the desired balance among economic, family class, and refugee class immigration. It also means defining the desired balance among the different types of economic entrants and allocating resources accordingly. This requires transparent targets for immigration levels and long-term planning. Although the federal government tables annual immigration targets in Parliament, there is no requirement to table multi-year immigration plans or to table targets for temporary entrants or the Canadian Experience Class. Therefore it is recommended that Citizenship and Immigration Canada:

- Lead a more consultative process with provinces, municipalities and stakeholder groups to develop multi-year immigration plans.
- Table multi-year immigration plans to assist in long-range planning.
- Include breakdowns for the Canadian Experience Class when tabling targets for the economic class to prevent two-step immigration from becoming the norm.
- Negotiate with provinces on targets for provincial nominees to ensure that they do not overshadow the recruitment of federal skilled workers.
- Table targets for temporary entrants including international students and temporary foreign workers following discussion with employer and postsecondary sectors to ensure that temporary entrants do not predominate.

Improve current programs

Based on findings and analysis to-date, this section puts forward recommendations to revise current economic immigration programs. Evaluations should be undertaken to identify additional revisions in keeping with the national vision.

Federal Skilled Worker Program

Recommendation #3

Make the Federal Skilled Worker Program Canada's priority for economic immigration.

The Federal Skilled Worker Program is the only program that allows the federal government to choose future citizens based on an assessment of human capital. Federal skilled workers are selected in the national interest and arrive as permanent residents with full rights, responsibilities and access to services, accompanied by family members. The evidence is that this group of immigrants adapts the best. The Federal Skilled Worker Program should therefore be treated as the cornerstone of economic immigration to Canada as it represents the best strategy for long-term economic success.

Treating the Federal Skilled Worker Program as a priority means that its members should comprise the largest proportion of economic immigrants and receive priority processing, especially for those who have validated job offers or are in demand occupations. It means that the federal government should devote sufficient resources to eliminate the backlog and process new applications quickly.

It also means that the program should be a priority for ongoing improvements to make it more responsive to provincial and employer needs so they do not feel the need to rely so heavily on provincial nominees or temporary foreign workers.

Recommendation #4

Revise the Federal Skilled Worker Program to better match labour market needs.

The Federal Skilled Worker Program should continue to favour principal applicants who have language skills and postsecondary education. Reviews of the Federal Skilled Worker Program undertaken by Citizenship and Immigration Canada provide an opportunity to analyse which selection criteria best predict labour market success. The program should be changed in the following ways:

- Dispense with an exclusionary occupations list created by Ministerial Instructions.

- Add points for occupations under pressure (identified by provinces and employers) and increase points for validated job offers.
- Fast-track applicants who have validated job offers or are from occupations under pressure.
- Create mandatory language tests for applicants from non-English or non-French speaking countries.
- Restructure points allocated for education to reward applicants who are trained tradespersons.
- Reduce points allotted for work experience achieved abroad.
- Add more points for younger applicants of working age.
- Increase points given for family connections in Canada. [Family connections would be broadly defined to include for example, brothers, sisters, nieces, nephews, aunts, uncles and cousins.]

Recommendation #5

Connect applicants to employers.

Recommendation #4 proposes changing the Federal Skilled Worker Program to increase points for validated job offers and to fast track those who have them. It would also be beneficial to connect applicants to employers to increase their chance of obtaining a validated job offer. Two main tools should be put in place to facilitate the connection and expedite the road to employment:

- Create a searchable database of permanent resident applicants that will allow employers to view the profiles of future economic immigrants with their permission.
- Establish overseas recruitment sessions in Canadian Immigration Integration Project offices and other locations with legitimate employers and authorized recruiters.

These tools would initially be designed for principal applicants in the Federal Skilled Worker Program and could be expanded to other potential immigrants and underemployed permanent residents already in Canada. In addition, all employers should be required to conduct a search of the database before being considered for approval of a temporary worker.

Provincial Nominee Programs

Recommendation #6

Create a national framework for provincial nominee programs that allows for provincial variation and that complements but does not replace the Federal Skilled Worker Program.

Provincial nominee programs should be designed to serve both national and provincial interests. While some variation is beneficial in order to experiment and respond to regional needs, these programs are also of national importance since nominees can relocate to any province once they become permanent residents. A national framework developed collaboratively by the federal and provincial/territorial governments should therefore establish baseline eligibility criteria, procedures, timelines and fees. This approach will treat all immigrants fairly while still enabling provinces to use creative ideas for attracting people to their jurisdictions.

A national framework should also require regular data collection and evaluation of provincial nominee programs, including an analysis of how provincial nominees are faring economically and whether they remain in the province that selected them. The framework should also position provincial nominee programs as a complement to the revised Federal Skilled Worker Program and not as a replacement.

Temporary Foreign Worker Program

Recommendation #7

Eliminate the Low Skill Pilot Project for temporary foreign workers.

Temporary foreign workers are vulnerable to exploitation and abuse at the low end. Unlike the Live-In Caregiver Program which has a built-in transition to permanent residence, and the Seasonal Agricultural Workers Program which is tightly controlled, the Low Skill Pilot Project runs the risk of becoming Canada's version of the European Guest Workers' program with all its difficulties. Therefore, the Low Skill Pilot Project for temporary foreign workers should be eliminated as soon as possible.

To increase the pool of workers to fill low-skilled jobs on an ongoing basis, employers should make these jobs more attractive to people already in Canada, whether immigrants or Canadian born. In addition, Citizenship and Immigration Canada should increase family class and refugee admissions to provide more labour force participants who, as permanent residents, have rights and access to services to prevent exploitation. Increasing points in the Federal Skilled Worker Program for demand occupations, the trades, and validated job offers will also broaden the pool of workers.

Recommendation #8

Monitor recruitment and working conditions of temporary foreign workers.

While workplace safety and employment standards come under provincial jurisdiction, temporary foreign workers are a federal responsibility. The federal government should therefore provide leadership and support to provinces to help them monitor and enforce the working conditions of temporary foreign workers (including live-in caregivers and seasonal agricultural workers) and to regulate recruitment agencies.

Recommendation #9

Strengthen the “labour market opinion” process.

Before recruiting temporary foreign workers, employers must generally obtain a positive labour market opinion from Human Resources and Skills Development Canada to ensure that the recruitment is warranted. A strong labour market opinion process is essential to protect unemployed and underemployed Canadians and permanent residents. It also ensures that temporary workers do not jump the queue of applicants for permanent residence. The labour market opinion process should be strengthened in the following ways:

- Require employers to search the database of those already in Canada and those in the applicant inventory recommended above before being considered for approval of a highly skilled temporary worker.
- Provide positive labour market opinions only after the employer’s recruitment practices, training, wages and working conditions have been reviewed and determined not to be a barrier to employing unemployed or underemployed people already in Canada.

- Implement a monitoring system to follow up on employers who were issued positive labour market opinions to ensure the proper treatment of temporary workers and others in the workplace.

Canadian Experience Class

Recommendation #10

Define the role of employers and postsecondary institutions in two-step economic immigration

While one-step immigration is preferred, there will continue to be highly skilled temporary workers and international students who transition to permanent residence from within Canada through the Canadian Experience Class or as provincial nominees. In both these programs, employers and educational institutions have become the gatekeepers of pathways to permanent residence for temporary workers and international students. These bodies are in the position of selecting and supporting potential future citizens without a clear sense of what they are expected to do and their capacity to do it.

The federal government should undertake work in consultation with provinces, employers and the postsecondary education sector to:

- Define and monitor the role of employers and postsecondary institutions in relation to temporary workers and international students who may transition to permanent residence.
- Enhance the capacity of employers and postsecondary institutions to fulfil these roles.

Recommendation #11

Expand eligibility for the Canadian Experience Class on a one-time basis for temporary foreign workers already admitted under the Low Skill Pilot Project.

Temporary workers who have already arrived under the Low Skill Pilot Project do not qualify for permanent residence under the Canadian Experience Class and are therefore at risk of becoming part of an underground underclass when their permit expires. Although it is recommended that the Low Skill Pilot Project be eliminated, it is important to prevent vulnerability for workers who arrived under the pilot while it was still in

operation. Therefore such persons should be eligible to apply to the Canadian Experience Class on a one-time basis.

Invest in labour market services that work

Canada needs immigrants to meet its population and labour market imperatives. Labour market services are essential to help Canada to maintain its competitive edge in attracting immigrants who will stay and contribute to the economy because they have integrated successfully.

Recommendation #12

Expand overseas information and services.

The Canadian Immigration Integration Project currently provides information and services overseas for future immigrants. This includes information on the labour market, occupational requirements, language and occupational training in Canada, and settlement services. This service should be provided in more countries and expanded to include additional supports, e.g., to coordinate language and qualification assessment, training that can begin overseas, employer recruitment, and other employment-related services overseas.

Recommendation #13

Broaden eligibility for federally funded settlement services.

Temporary workers, international students and refugee claimants do not qualify for federally funded settlement services until they are approved in principle for permanent residence. This delay can hinder their ability to integrate successfully. On the other hand, new citizens are not eligible for federal services even though it takes only three years to be eligible for Canadian citizenship. Language training and other settlement services are often still required after that period of time. Temporary workers, international students, refugee claimants and citizens should therefore be eligible for federally funded settlement services.

Recommendation #14

Expand access to funding for labour market services.

Federal funding programs that should provide labour market services for immigrants have been defined in ways that do not allow this to happen. Most federally funded settlement programs include only basic employment preparation services. Federal-Provincial labour market agreements address the needs of people ineligible for employment insurance but do not include programs specifically for immigrants. Funds transferred to provinces under these agreements have not directed that immigrants are to be included among the beneficiaries.

Therefore:

- Citizenship and Immigration Canada should define its programming more broadly to include a range of labour market services.
- Human Resources and Skills Development Canada and the provinces should ensure that new immigrants benefit from funds dedicated to training programs for persons ineligible for employment insurance.
- The federal and provincial governments should ensure that skilled immigrants who rely on employment insurance or welfare support payments have access to language, bridge and occupational training to retain or gain new skills.

Recommendation #15

Fund successful and creative labour market supports.

Canada needs to choose its investments carefully and to focus resources on programs that will deliver results. Such investments will help keep immigrants out of poverty and can create the conditions for them and the country to flourish. The federal government should therefore:

- Invest in services that have been evaluated and demonstrate a significant impact on the success of immigrants in the labour market, starting with the creation of national internship and mentoring programs and the support of local multi-stakeholder councils.

- Increase funding for bridge and enhanced language training, and create loan or income support programs and other employment supports for access to training.
- Enhance access to services and supports for immigrants entering Canada or laid off during periods of economic downturn to prevent deskilling and ensure they are prepared for the economic upturn.

Summary of recommendations

ADOPT A NATIONAL VISION FOR ECONOMIC IMMIGRATION

1. Articulate a national vision for economic immigration through public dialogue and debate.
2. Improve the capacity for long-range planning to achieve the vision.

IMPROVE CURRENT PROGRAMS

Federal Skilled Worker Program

3. Make the Federal Skilled Worker Program Canada's priority for economic immigration.
4. Revise the Federal Skilled Worker Program to better match labour market needs.
5. Connect applicants to employers.

Provincial Nominee Programs

6. Create a national framework for provincial nominee programs that allows for provincial variation and that complements but does not replace the Federal Skilled Worker Program.

Temporary Foreign Worker Program

7. Eliminate the Low Skill Pilot Project for temporary foreign workers.
8. Monitor recruitment and working conditions of temporary foreign workers.
9. Strengthen the labour market opinion process.

Canadian Experience Class

10. Define the role of employers and postsecondary institutions in two-step economic immigration.
11. Expand eligibility for the Canadian Experience Class on a one-time basis for temporary foreign workers already admitted under the Low Skill Pilot Project.

INVEST IN LABOUR MARKET SERVICES THAT WORK

12. Expand overseas information and services.
13. Broaden eligibility for federally funded settlement services.
14. Expand access to funding for labour market services.
15. Fund successful and creative labour market supports.

6. CONCLUSION

Canada needs a national vision for economic immigration. A strong, cohesive, long-term vision will help Canada to be competitive in attracting people with the human capital it needs for an innovative, productive and knowledge-based economy. This goal cannot be achieved without fixing Canada's economic immigration policies. Recent federal policy changes have been reactive and have not given due regard to the root causes of the problems or the cumulative impact. Fixing these policies and enhancing labour market services will help Canada to become the residence of choice for future citizens from around the world and to benefit from their enormous potential.



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Established in 1982, Maytree is a private foundation that promotes equity and prosperity through its policy insights, grants and programs. The foundation has gained international recognition for its expertise in developing, testing and implementing programs and policy solutions related to immigration, integration and diversity in the workplace, in the boardroom and in public office.