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Canada's Immigration System and Labor Market Responsiveness

Canada

Immigration – Overview

Canada has a proud tradition of welcoming immigrants. Our immigration system, refugee system and network of organizations to help newcomers settle and integrate are among the best in the world.

One of every six Canadian residents was born outside the country. Immigration has helped to make Canada a culturally rich, prosperous and progressive nation.

In 2010, immigrants settled in:

1. Ontario (118,116)
2. Quebec (53,981)
3. B.C. (44,176)
4. Alberta (32,640)
5. Manitoba (15,803)

Canada welcomed **280,636** new permanent residents in 2010, plus:

- 182,322 Temporary Foreign Workers
- 96,147 International Students

Canadians are also proud to hold one of the most prized citizenships in the world.

Every year about **200,000 people become new citizens of Canada.**

Immigration: Pulled in all directions

The immigration program responds to many needs:

- Helps "support the development of a strong and prosperous Canadian economy"
  - Help meet today's labour market needs – while helping to build the skilled workforce of the future
- Reunites families
- Contributes to building strong communities
- Supports population growth
- Supports global humanitarian efforts by resettling refugees
- Provides assistance to asylum seekers
- … and all while protecting the health, safety and security of Canadians

There are many competing priorities but the capacity to respond is limited. CIC must balance often competing objectives.

The levels plan— a key federal policy lever

Economic— roughly 60%

- Includes both principal applicants and their dependents

Social — roughly 40%

- Family Class- sponsorship
- Protected Persons (e.g., refugees); sponsored and resettled

There is an ongoing federal-provincial/territorial priority to develop a Multi-Year Levels Plan (MYLP) for implementation as early as 2012-2014

The 2011 levels plan	Ranges	
	Low	High
Federally Selected Economic Class	74,000	80,400
Provincially Selected Economic Class	76,600	80,900
• Provincial Nominee Program	42,000	45,000
• Quebec-selected Skilled Workers and Business	34,600	35,900
Total Economic Class	**150,600**	**161,300**
Spouses, Partners and Children	45,500	48,000
Parents and Grandparents	13,000	17,500
Total Family Class	**58,500**	**65,500**
Government-assisted Refugees	7,400	8,000
Privately Sponsored Refugees	3,800	6,000
Protected Persons In-Canada	8,200	10,500
Dependants Abroad of Protected Persons In-Canada	3,800	4,500
Total Protected Persons	**23,200**	**29,000**
OTHER		
Humanitarian and Compassionate Grounds/Public Policy	7,600	9,000
Permit Holders	100	200
Total Other	**7,700**	**9,200**
TOTAL	**240,000**	**265,000**

Supporting Canada's Prosperity

Economic immigration responds to important labour market needs across the skills spectrum:

- **National, structural labour market needs** – Federal Skilled Workers (points system), Canadian Experience Class
- **Business expertise** – Investors, Entrepreneurs
- **Regional and niche labour market gaps** –Live-in Caregivers, Quebec Skilled Workers, Provincial Nominees
- **Short-term pressures** – Temporary Foreign Workers, International Students (via various work permit programs for international students)
- Note: Many jobs are also filled by family members and refugees, not selected on the basis of their skills or experience

Consensus that Canada needs an effective immigration program to meet current and future needs:

- Slowing labour force growth due to aging population
- Persistent shortages in some sectors and regions
- Economic growth likely to come from skilled occupations

However: immigration a key source but *not* a "magic bullet"
it complements initiatives to develop domestic labour supply

Initiatives in aligning with Canada's labour market needs

Recent years have seen a number of key initiatives and investments:

- **2007** – delivered on *Advantage Canada* priorities:
  - Expanded **Provincial Nominee Program**
  - New **Canadian Experience Class**
  - Improvements to the **Temporary Foreign Worker Program**
  - **Foreign Credentials Referral Office**— located within CIC, the FCRO works with federal partners (e.g., HRSDC and others) to strengthen processes of foreign credentials recognition across the country and overseas

> **"Our immigration policies should be more closely aligned with our labour market needs."**
>
> — *Advantage Canada, Building a Strong Economy for Canadians,* 2006

- **Budget 2008**
  - $109 Million over 5 yrs to meet increasing permanent and temporary pressures
  - Legislative amendments— Authority to issue **Ministerial Instructions** to prioritize categories of applications
- **Budget 2009**
  - $50 million over two years to support development of a common approach to foreign credential assessment and improve integration into the Canadian labour force

Focus on the Ministerial Instructions

- Minister can now manage how new applications are processed (some exceptions) in order to meet goals
- Instructions have been issued twice (Nov 2008, June 2010); focus on two key objectives:
  - To make FSW program more responsive to national labour market pressures; and
  - To reduce the FSW backlog of 640,000 persons and shorten wait times from 6 years to 6-12 mos.
- Instructions set out **eligibility criteria for processing**. In June 2010, criteria were updated:
  1. Applicants with an offer of arranged employment, **or**
  2. Skilled workers in one or more of 29 high-demand occupations
     - Occupations in demand in medium term; identified with national labour market projections and input from provinces and territories and stakeholders
  3. PLUS: All principal applicants in FSW Program (and Canadian Experience Class) must submit **language test** results to be eligible for processing
  4. ALSO: there is now a cap of 20,000 on new FSW applications that will be processed per year; sub-cap of 5% of total (1,000) per occupation (does not apply to offers of arranged employment)
- ALL FSW applicants must still be assessed against the points grid and achieve 67 points

How do skilled workers come to Canada?

Multiple avenues open to skilled workers (NOC O, A, B) to immigrate to Canada

National	**Federal Skilled Worker Program** • Post-February 26, 2008, FSWs must meet the criteria in the Ministerial Instructions for their applications to be eligible for processing (new MI issued June 26, 2010) • Applicants in the FSW backlog (500+ occupations) will continue to arrive in Canada for years to come **Canadian Experience Class** • Open to skilled temporary foreign workers and international graduates working here in Canada **Temporary Foreign Worker Program** • Employers who cannot find a Canadian option can hire a TFW • Some TFWs apply for permanent residence programs once they are in Canada or after having worked in Canada
Provincial & Territorial	**Quebec-selected Skilled Worker Program** • QC manages its own program for skilled workers destined to that province **Provincial Nominee Program** • Provinces and territories nominate workers at all skill levels who meet their needs

Outcomes of Economic Immigrants

In August 2010, the FSW program evaluation was released. Main conclusions are:

- The IMDB analysis found that 89% of FSWs were employed or self-employed three years after landing. Employment earnings for this group also increased over time
- Adoption of the new FSW selection criteria in 2002 has improved the economic performance of FSWs
  - IMDB data indicates that the average employment earnings of IRPA FSWs are higher than those of pre-IRPA
  - For the 2004 cohort, for example, employment earnings increased from $40,100 in the first year after landing to $47,500 a year later, while average employment earnings for pre-IRPA FSWs increased from $24,300 to $31,300 for the same time period
- IMDB data shows that the average employment earnings for FSWs with an AEO were $79,200 three years after landing, compared to $44,200 for those without
- Immigrants who worked in Canada for at least one year prior to applying as an FSW earned 27% more that those who did not have Canadian work experience prior to migration

Challenges

- System pressures
  - IRPA "open" philosophy- all FSW applications which met criteria were accepted and were required to be processed. This resulted in a significant backlog and affected the market responsiveness of the program
  - MIs are used as supply management tools which align more the application intake with market needs
  - Eliminating backlogs; how to resolve demands in the economic class?
- Skilled Workers
  - Human capital model (points system) is sound; however, some ongoing challenges, such as addressing the under-representation of skilled trades
  - Chronic shortages for low skilled workers- should it be addressed through immigration?
- Making the system more responsive to labour market needs
  - There are many economic programs— how to address specific labour needs but not duplicate efforts?
  - Access to reliable and timely labour market information
- Labour market outcomes are an ongoing challenge
  - Earnings for recent immigrants lower than in past; catch-up takes longer
  - There remain barriers to finding and retaining workers with the "right" skills set (e.g., credentials, language skills)
  - Employers report that it can be difficult to use the immigration system to meet needs particularly in light of long processing times

Ways Forward

- Work with federal, provincial, and territorial partners and stakeholder groups to define the long-term vision for economic immigration

- Continuous efforts to advance policy work to strengthen immigration planning and the federal skilled worker points system

- Continue to work with partners and stakeholders to guide the development of Ministerial Instructions that support pan-Canadian immigration goals and support the commitments made in the Action Plan for Faster Immigration

- Modernizing the system
  - Rationalization of the suite of programs (particularly in the economic stream)
  - Centralized processing (e.g., Sydney, Nova Scotia)
  - Leveraging the network through renewed platform (GCMS)
  - E-services such as on-line applications

Annex 1. Federal Skilled Workers

- Selected according to key indicators of success in the labour market over the long term— the "human capital" model (*Immigration and Refugee Protection Act* (2002))
- Up until February 2008, no consideration of occupation (though the applicant should have skilled work experience in NOC O, A or B) and no ability to manage intake of applications
  - Backlog grew to 641,000 persons; wait times of up to 6 yrs

The Points System	
Education	25
English and French abilities	24
Work experience	21
Age	10
Arranged employment	10
Adaptability	10
Total	**100**
(current pass mark: 67)	

Who are Federal Skilled Workers?
Trades/Technicians: *Plumbers, carpenters, electricians, medical technicians, chefs & cooks, pipefitters, paralegals...*
Managers: *in manufacturing & utilities, sales, marketing, transportation, construction, health...*
Professionals: *Physicians, mathematicians, applied scientists, engineers, teachers and instructors, accountants...*

Annex 2. Temporary Foreign Workers

- Historically, the TFW program has been used to fill short-term gaps in the Canadian labour market due to skill shortages
  - Workers are expected to depart Canada at the end of their authorized stay
- Dramatic economic growth during the past decade led to unprecedented demand for TFWs
  - In 2002, HRSDC changed its policy to include lower-skilled occupations, which historically were not part of the TFW movement
  - TFW entries increased from 116,540 in 2000 to 182,322 in 2010
- April 2011 changes designed to increase worker protection and encourage employer compliance with program requirements, e.g.:
  - Ensure job offer is genuine
  - Employers found not to comply with program requirements could be suspended from hiring TFWs for 2 years
  - TFWs will not be authorized to work in Canada once they have accumulated four years of work, subject to certain exceptions

Thank you.