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THE IMPROVED LABOUR MARKET PERFORMANCE OF NEW IMMIGRANTS TO CANADA, 2006-2019

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The Improved Labour Market Performance of New Immigrants to Canada, 2006-2019

Abstract

This report provides a descriptive analysis of the labour market outcomes of new immigrants to Canada from 2006 to 2019. Using data from the Labour Force Survey, it focuses on four labour market indicators: participation, unemployment, and employment rates, as well as average hourly wages. It compares trends in labour market outcomes among very recent immigrants (5 years or less since immigration), recent immigrants (5-10 years since immigration), and Canadian-born workers. This report finds that new immigrants are on average younger and better educated than the Canadian-born. As a result, their labour force participation and employment rates were comparable to, if not better than, those of the Canadian-born. However, the unemployment rates of new immigrants were higher, and average hourly wages were lower. Over the 2006 to 2019 period, very recent immigrants enjoyed an absolute and relative improvement in all four indicators. Recent immigrants enjoyed an improvement in all four absolute indicators and three of four relative indicators; relative hourly wages were the exception.

The Improved Labour Market Performance of New Immigrants to Canada, 2006-2019

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The Improved Labour Market Performance of New Immigrants to Canada, 2006-2019

Executive Summary

This report provides a descriptive analysis of the labour market performance of new immigrants. Using estimates from the Labour Force Survey, our analysis evaluates participation, unemployment, and employment rates, as well as average hourly wages. This report compares trends in labour market outcomes from 2006 to 2019 among very recent immigrants (5 years or less since immigration), recent immigrants (5-10 years since immigration), and Canadian-born workers. We conclude that the labour performance of new immigrants generally improved between 2006 and 2019.

As a younger and more educated population compared to the Canadian-born, new immigrants had high participation and employment rates, which increased in both absolute and relative terms over the period. These high rates, however, were unable to absorb all new immigrants in the labour force, resulting in unemployment rates remaining above that of the Canadian-born. However, the unemployment rates of new immigrants decreased significantly in absolute and relative terms from 2006 to 2019. Improvements in wages were less impressive. While the real wages of new immigrants increased, as did the relative wages of very recent immigrants, the relative wages of recent immigrants fell. Given their lower average age and higher education relative to the Canadian working-age population, new immigrants represent an important strength for the Canadian economy, from the perspective of their contribution to the labour force and to tax revenues. This contribution could be even greater if the gaps in unemployment rates and relative wages were reduced further.

Absolute Change in Labour Market Indicators

Recent and very recent immigrants enjoyed substantial improvements in absolute labour market outcomes from 2006 to 2019. Very recent immigrants (those who have settled in Canada for 5 years or less) experienced the largest improvement in absolute rates. The following are key trends in absolute rates:

- The participation rate of very recent immigrants increased by 5.4 percentage points from 65.3 per cent in 2006 to 70.7 per cent in 2019. The rate of recent immigrants increased by 4.7 percentage points from 71.5 per cent to 76.2 per cent. These increases were driven in part by an increase in the share of immigrants with post-secondary education, who had relatively higher participation rates than workers of other education levels. The participation rate of the Canadian-born decreased by 2.5 percentage points from 68.7 per

cent to 66.2 per cent. Note that by 2019 the participation rates of both very recent and recent immigrants exceeded the rate of the Canadian-born by 4.5 and 10.0 percentage points, respectively.

- Of all the outcomes, the employment rates of new immigrants experienced the largest increase from 2006 to 2019. The employment rate of very recent immigrants increased by 6.8 percentage points from 57.2 per cent in 2006 to 64.0 per cent in 2019, while the rate of recent immigrants increased by 6.0 percentage points from 65.2 per cent to 71.2 per cent. In contrast, the employment rate of the Canadian-born decreased by 2.0 percentage points from 64.5 per cent to 62.5 per cent. Note that by 2019 the employment rates of both very recent and recent immigrants exceeded the rate of the Canadian-born by 1.5 and 8.7 percentage points, respectively.
- The unemployment rates of new immigrants exceeded the rate of the Canadian-born throughout the 2006 to 2019 period. However, the unemployment rate of very recent immigrants decreased by 3.0 percentage points from 12.5 per cent in 2006 to 9.5 per cent in 2019, while the rate of recent immigrants decreased by 2.3 percentage points from 8.8 per cent to 6.5 per cent. The unemployment rate of the Canadian-born decreased by only 0.6 percentage point from 6.1 per cent to 5.5 per cent. Note that by 2019 the unemployment rates of both very recent and recent immigrants still exceeded the rate of the Canadian-born by 4.0 and 1.0 percentage points, respectively.
- Real hourly wages grew for recent and very recent immigrants from 2006 to 2019. For very recent immigrants, real wages in constant 2012 dollars grew from \$17.86 in 2006 to \$20.93 in 2019 at a rate of 1.2 per cent per year. For recent immigrants, real wages in constant 2012 dollars increased from \$20.22 to \$22.38 at a rate of 0.8 per cent per year. The Canadian-born wage in constant 2012 dollars increased from \$22.05 to \$25.25 at a rate of 1.1 per cent per year. Note that by 2019 very recent immigrants still earned \$4.32 less than the Canadian-born wage, and recent immigrants still earned \$2.87 less than the Canadian-born wage.

Relative Change in Labour Market Indicators

The relative participation, employment, and unemployment rates of new immigrants also improved significantly from 2006 to 2019. The improvements for relative rates were even greater than those for absolute rates. The following are key trends in relative rates over the period:

- The relative participation rate of very recent immigrants increased by 11.7 percentage points from 95.1 per cent of the Canadian-born rate in 2006 to 106.8 per cent in 2019,

and the relative rate of recent immigrants increased by 11.0 percentage points from 104.1 per cent in 2006 to 115.1 per cent in 2019.

- The relative employment rate of very recent immigrants increased by 13.7 percentage points from 88.7 per cent of the Canadian-born rate in 2006 to 102.4 per cent in 2019, and the relative rate of recent immigrants increased by 12.8 percentage points from 101.1 per cent to 113.9 per cent.
- The relative unemployment rate of very recent immigrants decreased by 32.2 percentage points from 204.9 per cent of the Canadian-born rate in 2006 to 172.7 per cent in 2019, and the relative rate of recent immigrants decreased by 26.1 percentage points from 144.3 per cent to 118.2 per cent.

The outcomes of relative wages for new immigrants were mixed. While very recent immigrants saw an increase in relative wages over the period, the relative wages of recent immigrants (those who have settled in Canada for 5 to 10 years) declined. This decline was largely driven by the deteriorating relative earnings of highly educated immigrants.

- The relative wage of very recent immigrants increased by 1.9 percentage points from 81.0 per cent of the Canadian-born wage in 2006 to 82.9 per cent in 2019, while the relative wage of recent immigrants decreased by 3.1 percentage points from 91.7 per cent of the Canadian-born wage to 88.6 per cent.

Explaining the Labour Market Performance of New Immigrants

The report posits six reasons for the general improvement in the labour market performance of new immigrants. First, new immigrants became even better educated from 2006 to 2019; the share of very recent immigrant workers with a university degree increased by 7.5 percentage points, while the share of recent immigrant workers increased by 6.7 percentage points. Second, the strong labour market of the late 2010s may have disproportionately benefitted new immigrants. Third, federal and provincial programs aimed at immigrant workers, such as the Provincial Nominee Program, likely contributed to their improved labour performance. Fourth, support services for new immigrants could have better enhanced their integration into the Canadian labour market. Fifth, improved labour market information could have better prepared prospective immigrants to enter the Canadian labour market. Finally, the foreign credential recognition process could have improved. Further research is needed to assess the validity and relative importance of these hypotheses to explain the improved labour market performance of new immigrants.

The report posits two reasons for the weaker improvement in relative wages for compared to other labour market indicators. First, challenges faced by immigrants in Canada, such as discrimination, language barriers, and weaker social networks, may negatively affect earnings more than employment. Second, a lack of improvement in job mismatching over this period could explain why the relative wages of university-educated recent immigrants (those who have settled in Canada for 5 to 10 years) did not improve, despite high employment rates. More highly educated immigrants could be employed in low-wage jobs. Policymakers should address the issue of relative earnings to further improve the integration of immigrants into the labour market.

The Improved Labour Market Performance of New Immigrants to Canada, 2006-2019¹

Introduction

Immigration continues to be a major focus of Canadian public policy, given the growing importance of immigrants in the Canadian labour market. With an aging workforce and pending labour shortages, Canada relies on immigration to replenish its supply of high-skilled workers. The contributions of immigrants to the labour market, thus, have a significant impact on Canada's economy both currently and in the future. As a result, examining the labour market performance of new immigrants to Canada is important to evaluate the success of immigrant integration in the labour market and to ascertain if the new immigrant labour force is being used to its full potential.

In this report, we provide a descriptive analysis of the labour market performance of new immigrants in Canada from 2006 to 2019.² This report uses estimates of labour market outcomes from the Canadian Labour Force Survey (LFS). As LFS provides annual estimates up to 2019, it has the most recent data for labour market outcomes compared to other sources. Thus, using LFS data allows for timely comparisons of labour market outcomes between new immigrants and Canadian-born workers between 2006 and 2019. This report analyzes four labour market indicators by immigrant status and education level: participation rate, unemployment rate, employment rate, and average hourly wages. As this report presents descriptive analysis, characteristics other than educational attainment, such as age, gender, and country of origin, were not controlled for. Our analysis emphasizes trends in labour market indicators between 2006 and 2019, rather than levels. However, this report recognizes that new immigrants have performed poorly on certain labour market indicators, in particular the unemployment rate and wages, resulting in a loss of their potential contribution to the economy.

We find that new immigrants to Canada have made significant gains in labour market outcomes compared to the Canadian-born across education levels between 2006 and 2019. A high proportion of new immigrants participated in the labour force, and employment rates were generally higher than the rate of the Canadian-born. Moreover, these rates continued to grow

¹ This report was written by CSLS economist Kimberly Wong under the supervision of Andrew Sharpe, CSLS Executive Director. The author would like to thank Don Drummond for comments.
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² Our analysis does not include established immigrants (those who have settled in Canada for more than ten years), as this report aims to evaluate how immigrants upon recently settling in Canada have integrated in the labour market. However, in addition to the estimates for the new immigrant groups and Canadian-born, the Data Appendix also includes the labour market outcomes of established immigrants. The Data Appendix is posted on the CSLS website at <http://www.csls.ca/reports/csls2020-03-data.xlsx>.

over the period. Although new immigrants had higher unemployment rates compared to the Canadian-born, LFS estimates indicate substantial improvement in the absolute and relative unemployment rates of newcomers. In contrast, the wage gap remained large over the period, although absolute wages improved for all new immigrants and relative wages increased for very recent immigrants. The overall trends in labour market outcomes suggest that the labour market performance of new immigrants became stronger over this 13-year period.

This report first reviews the literature on the economic integration of new immigrants to Canada. The second section discusses the data used in this report. In turn, the third section offers an overview of the labour force by immigrant status. The fourth section provides a descriptive analysis of the labour market performance of new immigrants, including comparisons in outcomes between immigrants and the Canadian-born. Next, section five compares LFS estimates with Census/NHS data, highlighting the similarities in trends between the sources. Section six discusses the potential reasons for the improved labour market performance of new immigrants. Finally, section seven offers concluding remarks, including a summary of the labour performance of new immigrants and a future research agenda.

I. Literature Review

The economic integration of new immigrants to Canada has been widely researched. Studies have focused on examining the trends in immigrant labour market outcomes over time, usually from the late 1970s to the early 2000s. Much of the literature has concluded that labour outcomes for immigrants have significantly declined between the 1970s and early 2000s. These studies have also explored the factors behind these trends, such as the impact of changing immigration policies, composition of new immigrants, and economic conditions. However, most studies in the literature are not based on data after 2011. To our knowledge, no study has used the 2016 Census to evaluate the labour performance of immigrants, and only one study by Yssaad and Fields (2018) has used recent LFS data up to 2017.

Table 1: Summary of Results from Studies in the Literature

Author(s)	Year	Source	Period of Study	Findings
Frenette and Morrissette	2005	Census	1980-2000	The wage gap between new immigrants and the Canadian-born had more than doubled.
Banerjee, Verma, and Zhang	2019	Survey of Labour Income Dynamics	1999-2004, 2002-2007, 2005-2010	Immigrant men were more likely to be fully job mismatched than white Canadian-born men. Full mismatching had more negative effects on earnings for immigrant men than the Canadian-born.
Dean	2018	Survey of Labour Income Dynamics	2001-2011	New immigrants were more likely than the Canadian-born to be job-education mismatched. New immigrants who were mismatched also faced more negative effects on wages than the Canadian-born.
Hou and Picot	2016	Longitudinal Immigration Database	1981-2010	The earnings gap between new immigrants and the comparison group (the Canadian-born plus established immigrants) increased.
Kustec	2012	Census	1980-2006	The wage gap between recent immigrant men and the Canadian-born increased.
Sharaff	2013	Longitudinal Survey of Immigrants to Canada	2000-2005	Two-thirds of recent immigrants were over-educated for their jobs, resulting in an approximate 8 per cent wage loss.
Skuterud and Su	2012	Labour Force Survey	2006-2008	Immigrants were underrepresented in high-wage jobs due to lower mobility into and higher mobility out of these jobs. Immigrants experienced more difficulty attaining and retaining high-wage jobs, which frequently resulted in transitions into low-wage jobs or self-employment.
Picot and Sweetman	2012	Census	1976-2005	The relative unemployment rate for very recent immigrants increased, while relative employment rate and earnings decreased.
Yssaad and Fields	2018	Labour Force Survey	2006-2017	Relative employment and unemployment rates improved. The share of university-educated total immigrant workers increased.

Documentation of the Labour Market Performance of Immigrants

A study by Picot and Sweetman (2012) confirmed that the economic outcomes of immigrant workers, such as employment rates, unemployment rates, and earnings, relative to those of the Canadian-born deteriorated between the 1970s and the early 2000s. Using Census data for the 1976 to 2005 period, they found that very recent immigrants (those who have immigrated for less than 5 years) had consistently lower employment rates but higher unemployment rates than those of the Canadian-born. The gap in these rates between very recent immigrants and the Canadian-born generally widened over the period. Immigrants, however, suffered the worst outcome in relative earnings, which continuously declined; for example, the study found that very recent immigrant men earned 10 per cent less than the Canadian-born in the 1970s, but they earned 28 per cent less in the early 2000s.

Picot and Sweetman also identified several reasons for the deterioration in outcomes from the 1970s to the early 2000s. For example, the 1970s and 1980s saw a shift in entering immigrants' countries of origin. More immigrants were arriving from Asia, Africa, and the Caribbean, rather than Western Europe. These immigrants likely experienced more difficulty integrating in the Canadian labour market compared to previous European immigrants due to several factors, such as language barriers and racial discrimination. The authors also determined that the IT crash of the early 2000s had severe consequences on the labour market outcomes of new immigrants. In the late 1990s, the demand for workers in the high-tech industry led to a surge in immigration, many of whom were in the computer science field. The IT crash, thus, negatively impacted these immigrants arriving at the end of the studied period.

Most of the literature on the labour performance of new immigrants focuses on earnings, as opposed to participation, employment, and unemployment rates. Research on earnings report weak outcomes and trends for immigrants. Earnings of new immigrants were consistently lower than those of the Canadian-born, and evidence suggests that the wage gap has widened from the late 20th to early 21st century. New immigrants to Canada, thus, face a disadvantage in earnings relative to Canadian-born workers with similar levels of human capital; this phenomenon is known as the "entry effect". Frenette and Morrissette (2005), for example, used census data to analyze the entry effect of immigrant cohorts from 1980 to 2000. They found that the wage gap had more than doubled during that period. According to their estimates, new immigrant men earned 16.5 per cent less than their Canadian-born counterparts in 1980, and this gap grew to 39.9 per cent by 2000. They observed similar patterns for female immigrants.

More current studies have presented similar findings on wages. Kustec (2012), using the Census, examined the earning disparities between recent immigrants and Canadian-born workers. In 1980, recent immigrant men earned 85 per cent of the Canadian-born's wages, but this ratio decreased to 63 per cent by 2005. Hou and Picot (2016) also examined the long-term trends in immigrant entry earnings using the Longitudinal Immigration Database and extended the period of study from 1981 to 2010. They determined that the entry earnings for recent immigrants did not change significantly throughout the period, but the gap in earnings between new immigrants and the comparison group (the Canadian-born plus established immigrants) increased continuously. For example, in 1981, immigrant men received 74 per cent of the comparison group's earnings; by 2010, they received only 53 per cent. Wage disparities between recent immigrants and the Canadian-born have not only persisted, but have also increased over time.

While Hou and Picot (2016) concluded that the earnings gap increased, they identified some factors that had a positive effect on the earnings of immigrants during the period. After the 1990s, the share of highly-educated, economic immigrants increased, due to changes in immigration policy, which aimed to attract these types of immigrants to Canada. In 2000,

government immigration programs, such as the Provincial Nominee Program, led to an increase in new immigrants who already had Canadian work experience before receiving permanent immigrant status. The change in immigrant characteristics in response to policy changes during this period had a positive effect on immigrants' earnings. However, these positive effects were offset by negative pressures, such as less favourable economic conditions, which led to weak growth in immigrants' entry earnings in the 1990s and early 2000s.

A Statistics Canada report by Yssaad and Fields (2018) provided the most recent descriptive analysis on the labour outcomes of immigrants in Canada. Using the Labour Force Survey, they analyzed the trends in immigrant labour performance in Canada, namely employment and unemployment rates, between 2006 and 2017. This study's findings were more optimistic than those in previous studies about earlier periods. The authors found that the employment rate of immigrants improved from 2006 to 2017. The gap in employment rate between very recent immigrants and the Canadian-born narrowed from 17.9 percentage points in 2006 to 14.2 percentage points in 2017; likewise, the gap for recent immigrants decreased, falling from 7.5 percentage points in 2006 to 6.8 percentage points in 2017. In contrast, the unemployment rate of new immigrants changed little over this period and remained higher than that of the Canadian-born. However, in 2017, the unemployment rate of recent immigrants was the lowest since 2006 at 9.6 per cent. This study also examined immigrant labour outcomes across education levels. The share of university-educated immigrants among total immigrant workers increased over the period and exceeded that of the Canadian-born; in 2017, 49.6 per cent of total immigrant workers were university-educated, compared to 30.1 per cent of the Canadian-born. The employment rate of university-educated immigrants increased to 82.1 per cent in 2017, the highest in the period. The study also briefly discussed immigrant wages. They found that the wage gap between total immigrants and the Canadian-born remained stagnant at around 87.0 per cent from 2006 to 2017.

This report is similar to the study by Yssaad and Fields in providing a descriptive analysis on immigrant labour market outcomes based on the LFS. However, there are four key differences. First, our analysis focuses only on new immigrants, and does not include any discussion on established immigrants. Second, this report uses the most current LFS data until 2019, examining two more years than the period studied by Yssaad and Fields. Third, we provide a more detailed discussion on wages for recent and very recent immigrants across educational levels. Finally, this report offers a more comprehensive analysis of the labour market performance of new immigrants.

Determinants of the Weakening Labour Market Performance of Immigrants

A number of studies have tried to determine the factors contributing to the poor relative earnings of new immigrants. Many studies have explored how job matching for immigrants impact these unfavourable outcomes. Sharaff (2013) explored the effects of job-education

mismatching on immigrants' earnings. Based on the Longitudinal Survey of Immigrants to Canada from 2000 to 2005, he found that two-thirds of recent immigrants were over-educated for their jobs, resulting in an approximate 8 per cent wage penalty. Similarly, Dean (2018), using the Survey of Labour and Income Dynamics between 2001 to 2011, determined that new immigrants were more likely than the Canadian-born to be job mismatched. New immigrants who were mismatched also faced more significant wage penalties than the Canadian-born.

Banerjee, Verma, & Zhang (2019) examined the impact of various types of job mismatching on immigrant earnings using the Survey of Labour Income Dynamics from 1999 to 2004, 2002 to 2007, and 2005 to 2010. They assessed vertical mismatching (workers who are over-educated), horizontal mismatching (workers who are working in a field unrelated to their educational field), and full mismatching (vertical and horizontal mismatching combined). The authors concluded that immigrant men were more likely to be fully mismatched than white Canadian-born men. In other words, high-skilled immigrants were more likely to accept jobs unrelated to their field and requiring less education than they have completed. Most significantly, full mismatching had negative effects on earnings, which were more consequential on immigrants than the Canadian-born.

Other research has tried to determine how the lower level in job quality of immigrants has contributed to the poor relative earnings of new immigrants. Using the Canadian Labour Force Survey from 2006 to 2008, Skuterud and Su (2012) found that the lower-skilled jobs of immigrants affected the overall earnings gap between immigrants and the Canadian-born. Immigrants were underrepresented in high-wage jobs due to lower mobility into and higher mobility out of these jobs. They determined that immigrants experienced more difficulty attaining and retaining high-wage jobs, which frequently led them to transition into low-wage jobs or self-employment. Thus, job matching and job quality studies suggest that the relatively lower earnings of new immigrants to Canada could be driven by poor sorting in the labour market.

II. Data

This report uses Labour Force Survey (LFS) data from Statistics Canada. The LFS is a monthly household survey that assesses the Canadian labour market by classifying workers as employed, unemployed and not in the labour force (Statistics Canada, 2020). Statistics Canada surveys approximately 56,000 households with respondents aged 15 and over. In January 2006, Statistics Canada added questions to the LFS about the immigrant status of respondents. In particular, it asked respondents their country of birth, landed immigrant status, and year and month of arrival. These additional questions allow for comparisons of labour market performance between domestic-born and immigrant workers in Canada.

Our descriptive analysis is based on annual LFS estimates for the 2006-2019 period by immigrant status and highest level of educational attainment, which are publically available at Table 14-10-0087-01. This table includes the following labour market variables: working-age population, labour force, employed and unemployed totals, and participation, employment and unemployment rates. This report also uses LFS estimates for average hourly wages by immigrant status and highest level of educational attainment.³ These estimates are not publically available and were obtained from Statistics Canada via special request.

This report compares labour market outcomes by immigrant status and education level. According to the LFS, immigrant status is divided into four categories: born in Canada, established immigrants (more than ten years), recent immigrants (five to ten years), and very recent immigrants (less than five years). However, this report only analyzes the results of very recent immigrants, recent immigrants, and the Canadian-born.⁴ Our analysis does not include established immigrants, as this report focuses on evaluating how new immigrants to Canada have integrated in the labour market. Educational attainment consists of five categories: no degree, diploma or certificate; high school graduate; high school graduate, some post-secondary; post-secondary diploma or certificate; and university degree.⁵

Labour force estimates from the 2006 Census, 2011 National Household Survey (NHS), and 2016 Census are also presented in this report. These estimates are also available by highest level of educational attainment and immigrant status. However, given the differences in methodology between the NHS and other censuses, these sources are not comparable.⁶ Furthermore, the LFS provides annual data up to 2019, which allows for analyses of the most current labour market outcomes. Thus, this report relies on LFS estimates for its analysis, and uses the NHS and census data only to compare estimates with the LFS.

III. An Overview of the Labour Force by Immigrant Status

Before analyzing the labour outcomes of recent immigrants compared to the Canadian-born, this report provides an overview of the labour force characteristics of immigrant groups. In particular, this section summarizes key characteristics relevant to labour market outcomes, such

³ The employment income of self-employed individuals is not included.

⁴ This report uses the term “new immigrants” when referring to the very recent and recent immigrants collectively. The use of this term ensures distinction from established immigrants, who are not discussed in this report.

⁵ The main educational attainment categories are different for Census/NHS data. Refer to the section “Comparison with the National Household Survey and Census Estimates”.

⁶ The federal government’s decision to replace the mandatory long-form census with the voluntary NHS for 2011 interrupted the time series measuring the labour market performance of immigrants from the census.

as education level, working-age population, and labour force. It highlights characteristics for 2019, as well as trends between 2006 and 2019.

Table 2 summarizes the labour market indicators analyzed in this report by highest level of educational attainment and immigrant status for 2019. Labour market indicators in Canada exhibit gradients for education level and immigrant status. Labour market outcomes in 2019 were more favourable for individuals with higher levels of education. The relationship between immigrant status and labour market performance depended on the indicator. Participation and employment rates were higher for newer immigrants. However, new immigrants were worse off compared to the Canadian-born for unemployment rates and average hourly wages: unemployment rates were higher, and wages were lower. Despite these weaknesses, as this report shows, new immigrants have made significant absolute and relative gains in labour market outcomes over time.

Table 2: Labour Market Estimates for Canada by Immigrant Status and Highest Level of Educational Attainment, 2019

Indicator	Immigration Status	Total, All Education Levels	No Degree, Certificate, or Diploma	High School Graduate	High School Graduate, Some Post-secondary	Post-Secondary Certificate or Diploma	University Degree
Panel A: Thousands							
Working-Age Population	Very Recent Immigrants	1,075	146	135	45.1	207	542
	Compound Annual Growth 2006-19 (%)	2.42	0.70	0.52	0.59	2.24	3.85
	Recent Immigrants	1,190	140	172	72	271	535
	Compound Annual Growth 2006-19 (%)	3.07	0.12	1.18	2.11	3.78	4.67
	Born in Canada	21,866	3,686	4,448	1,281	7,595	4,855
	Compound Annual Growth 2006-19 (%)	0.71	-2.39	0.87	-0.99	1.57	3.13
	Total Population	30,739	4,884	5,968	1,726	9,863	8,300
Labour Force	Very Recent Immigrants	760	58.3	86.3	32.3	160	423
	Compound Annual Growth 2006-19 (%)	3.05	0.52	1.05	2.12	2.73	4.22
	Recent Immigrants	906	63.5	120	48.2	224	451
	Compound Annual Growth 2006-19 (%)	3.58	0.26	1.46	2.42	4.05	4.82
	Born in Canada	14,465	1,433	2,808	878	5,582	3,764
	Compound Annual Growth 2006-19 (%)	0.42	-3.33	-0.19	-1.54	1.11	2.64
	Total Population	20,200	1,838	3,661	1,140	7,164	6,397
Employment	Very Recent Immigrants	688	47.8	78.8	29.9	148	384
	Compound Annual Growth 2006-19 (%)	3.31	0.64	1.41	2.53	2.96	4.45
	Recent Immigrants	847	55.8	108	43.3	214	427
	Compound Annual Growth 2006-19 (%)	3.77	0.89	1.50	2.55	4.21	4.91

Indicator	Immigration Status	Total, All Education Levels	No Degree, Certificate, or Diploma	High School Graduate	High School Graduate, Some Post-secondary	Post-Secondary Certificate or Diploma	University Degree
	Born in Canada	13,676	1,266	2,615	819	5,325	3,651
	Compound Annual Growth 2006-19 (%)	0.48	-3.25	-0.27	-1.56	1.14	2.64
	Total Population	19,056	1,629	3,407	1,057	6,830	6,134
Unemployment	Very Recent Immigrants	71.9	10.5	7.50	2.40	12.4	39.0
	Compound Annual Growth 2006-19 (%)	0.89	0.00	-1.88	-1.70	0.45	2.22
	Recent Immigrants	58.6	7.7	11.8	4.80	9.90	24.3
	Compound Annual Growth 2006-19 (%)	1.17	-3.17	1.13	1.22	1.27	3.27
	Born in Canada	790	167	193	59.8	257	113
	Compound Annual Growth 2006-19 (%)	-0.47	-3.89	0.95	-1.18	0.54	2.66
	Total Population	1144	209	254	83.0	334	264
Panel B: Per Cent							
Participation Rate	Very Recent Immigrants	70.7	40.0	63.9	71.6	77.5	78.1
	Percentage Point Change 2006-2019	5.4	-0.9	4.3	12.7	4.6	3.5
	Recent Immigrants	76.2	45.3	69.6	66.9	82.7	84.3
	Percentage Point Change 2006-2019	4.7	0.8	2.4	2.6	2.9	1.5
	Born in Canada	66.2	38.9	63.1	68.6	73.5	77.5
	Percentage Point Change 2006-2019	-2.5	-5.2	-9.4	-5.1	-4.5	-4.9
	Total Population	65.7	37.6	61.3	66.0	72.6	77.1
Employment Rate	Very Recent Immigrants	64.0	32.8	58.3	66.3	71.4	70.9
	Percentage Point Change 2006-2019	6.8	-0.2	6.3	14.6	6.2	5.2
	Recent Immigrants	71.2	39.8	62.8	60.1	79.0	79.7
	Percentage Point Change 2006-2019	6.0	3.8	2.6	3.3	4.2	2.3
	Born in Canada	62.5	34.3	58.8	63.9	70.1	75.2
	Percentage Point Change 2006-2019	-2.0	-4.2	-9.4	-5.0	-4.0	-4.7
	Total Population	62.0	33.4	57.1	61.2	69.3	73.9
Unemployment Rate	Very Recent Immigrants	9.5	18.0	8.7	7.4	7.8	9.2
	Percentage Point Change 2006-2019	-3.0	-1.3	-4.0	-4.8	-2.6	-2.6
	Recent Immigrants	6.5	12.1	9.9	10.0	4.4	5.4
	Percentage Point Change 2006-2019	-2.3	-7	-0.4	-1.6	-1.9	-1.1
	Born in Canada	5.5	11.6	6.9	6.8	4.6	3.0
	Percentage Point Change 2006-2019	-0.6	-0.9	1.0	0.3	-0.4	0.0
	Total Population	5.7	11.4	6.9	7.3	4.7	4.1
Panel C: Current Dollars (\$)							

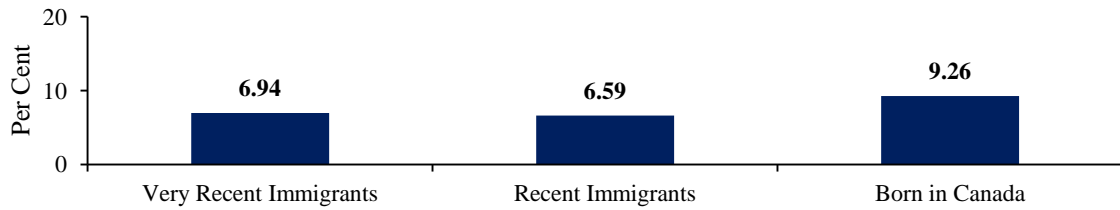
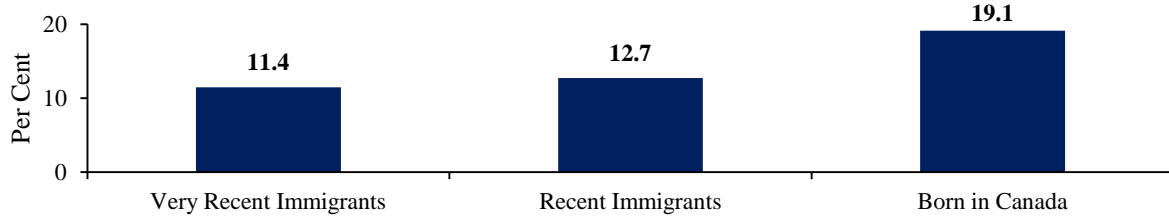
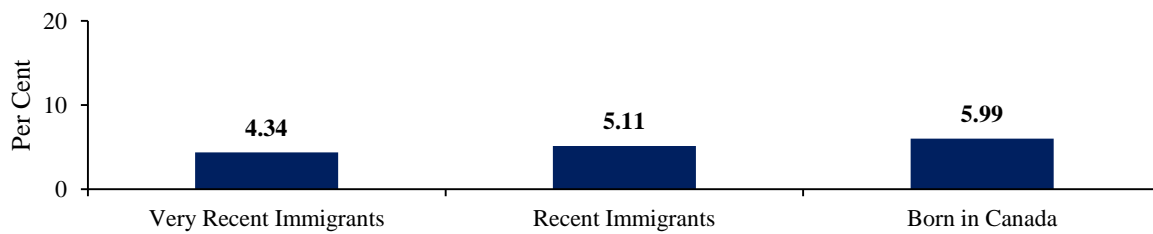
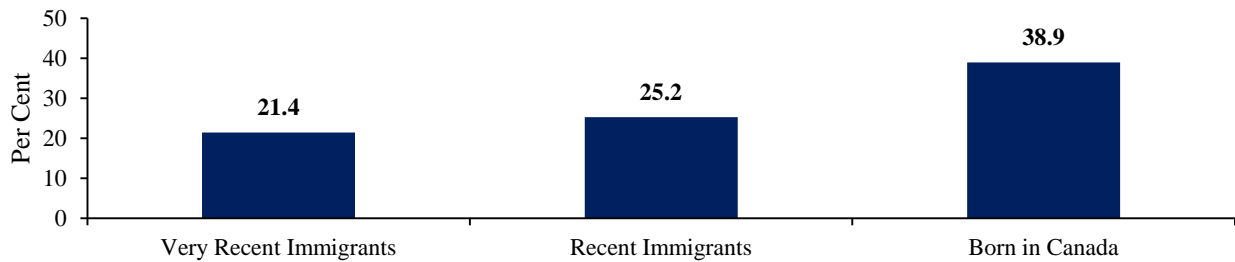
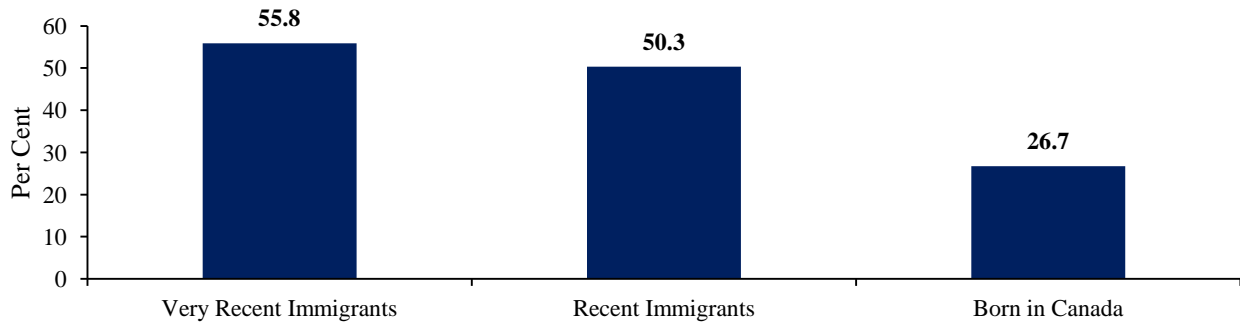
Indicator	Immigration Status	Total, All Education Levels	No Degree, Certificate, or Diploma	High School Graduate	High School Graduate, Some Post-secondary	Post-Secondary Certificate or Diploma	University Degree
Nominal Average Hourly Wage	Very Recent Immigrants	23.39	16.44	18.73	17.41	20.93	26.73
	Compound Annual Growth 2006-19 (%)	2.96	3.06	3.16	1.94	2.63	2.71
	Recent Immigrants	25.01	17.35	20.56	18.55	22.55	29.14
	Compound Annual Growth 2006-19 (%)	2.51	2.86	2.99	2.84	2.38	1.92
	Born in Canada	28.22	19.07	22.84	21.48	28.16	37.19
	Compound Annual Growth 2006-19 (%)	2.78	2.65	2.27	2.30	2.50	2.30
	Total Population	27.83	19.06	22.47	21.14	27.45	34.93
Panel D: Constant 2012 Dollars (\$)							
Real Average Hourly Wages	Very Recent Immigrants	20.93	14.71	16.76	15.58	18.73	23.92
	Compound Annual Growth 2006-19 (%)	1.23	1.33	1.43	0.23	0.91	0.98
	Recent Immigrants	22.38	15.53	18.40	16.60	20.18	26.08
	Compound Annual Growth 2006-19 (%)	0.78	1.13	1.26	1.11	0.66	0.20
	Born in Canada	25.25	17.06	20.44	19.22	25.20	33.28
	Compound Annual Growth 2006-19 (%)	1.05	0.92	0.55	0.58	0.78	0.58
	Total Population	24.90	17.06	20.11	18.92	24.56	31.26

Source: Statistics Canada, Labour Force Survey, 2019, Table 14-10-0087-01

A. Educational Attainment of Workers by Immigrant Status

In 2019, approximately 19 million Canadians of the total working-age population were employed.⁷ Of those workers, 17.9 per cent had at most a high school diploma, while 35.8 per cent had post-secondary certification and 32.2 per cent had a university degree as their highest level of education. However, when analyzed by immigrant status, the share of workers by education level differed significantly from the proportions for the total population.

⁷ Refer to Table 2 in the Data Appendix for LFS data on total employment in Canada by immigrant status and highest level of educational attainment from 2006 to 2019.

Chart 1: Share of Workers in Canada by Immigrant Status and Education Level, 2019*Panel A: No Degree, Certificate or Diploma**Panel B: High School Graduate**Panel C: High School Graduate, Some Post-Secondary**Panel D: Post-Secondary Certificate or Diploma**Panel E: University Degree*

Source: Statistics Canada, Labour Force Survey, 2019, Table 14-10-0087-01

Chart 1 depicts the share of workers of each immigrant group for every highest level of educational attainment in 2019. The share of Canadian-born workers exceeded those of new immigrant for every education level, apart from university degree. For example, about 19.1 per cent of Canadian-born workers had at most a high school diploma; in comparison, very recent and recent immigrant workers had lower shares at 11.4 and 12.7 per cent, respectively. Similarly, the share of recent immigrants was larger than that of very recent immigrants for four of five education categories, excluding the university level.

The university category was the outlier among the education levels. Most notably, the share of very recent immigrants dominated those of the other groups; approximately 55.8 per cent of very recent immigrant workers held a university degree. The share of recent immigrants followed closely with 50.3 per cent. However, the share of Canadian-born workers was significantly lower at only 26.7 per cent. Thus, the fraction of very recent immigrant workers with a university degree was more than double that of Canadian-born workers.⁸ These statistics reveal that new immigrant workers were significantly more likely to be highly educated than the Canadian-born.

B. Trends in Population, Labour Force, and Employment by Immigrant Status

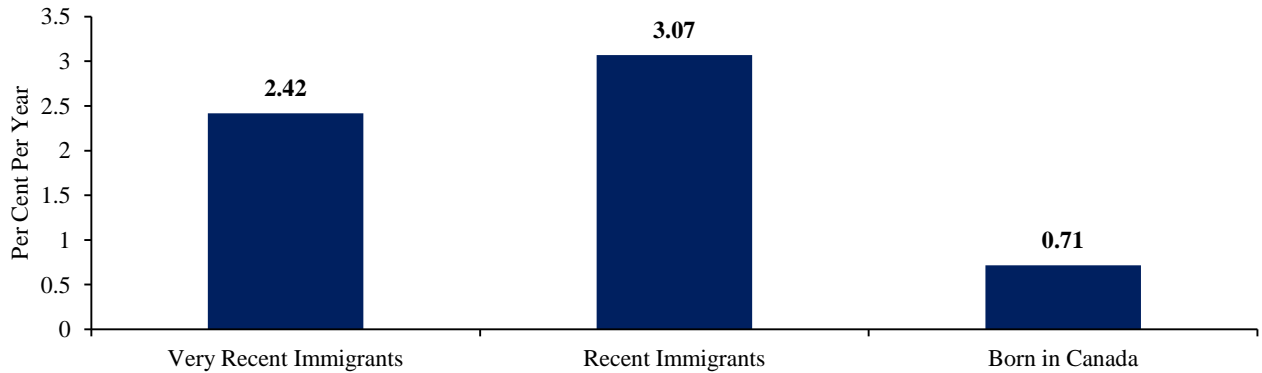
According to LFS estimates, new immigrants comprised 7.4 per cent of the working-age population in Canada in 2019. During the 2006-2019 period, the working-age population of recent immigrants grew the fastest (Chart 2).⁹ Recent immigrants ranked first at 3.07 per cent per year on average, while the working-age population of very recent immigrants followed at 2.42 per cent per year. In contrast, the working-age population of the Canadian-born grew the slowest at 0.71 per cent per year.

⁸ Refugees are included in the immigrant groups, though they make up a relatively small share of total immigrants. For example, of those who immigrated between 2011 and 2016, approximately 11.6 per cent were refugees, while 60 per cent were economic immigrants (Statistics Canada, 2016). However, refugees are more likely to have much lower levels of education, especially compared to economic immigrants. Therefore, if refugees had not been included, the share of workers in the immigrant groups with post-secondary education would have been even higher.

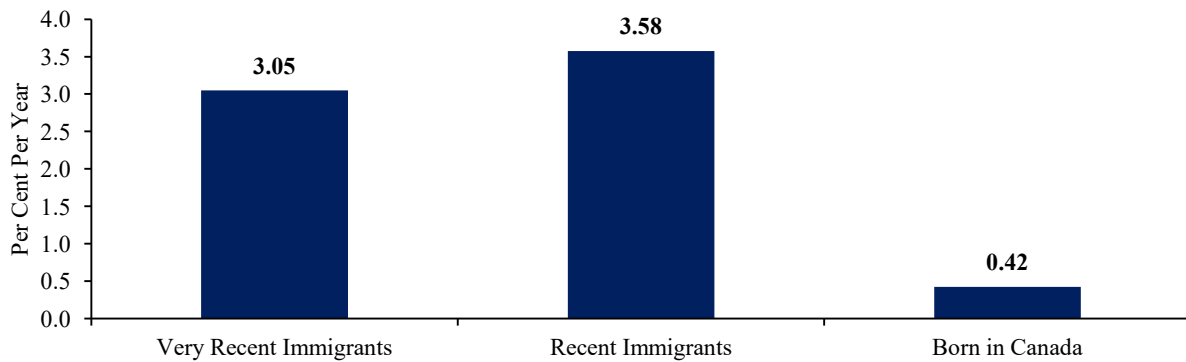
⁹ Refer to Data Appendix Table 9 for LFS estimates of working-age population in Canada by immigrant status and highest level of educational attainment from 2006 to 2019.

Chart 2: Working-Age Population, Labour Force, and Employment in Canada by Immigrant Status (Compound Annual Growth), 2006-2019

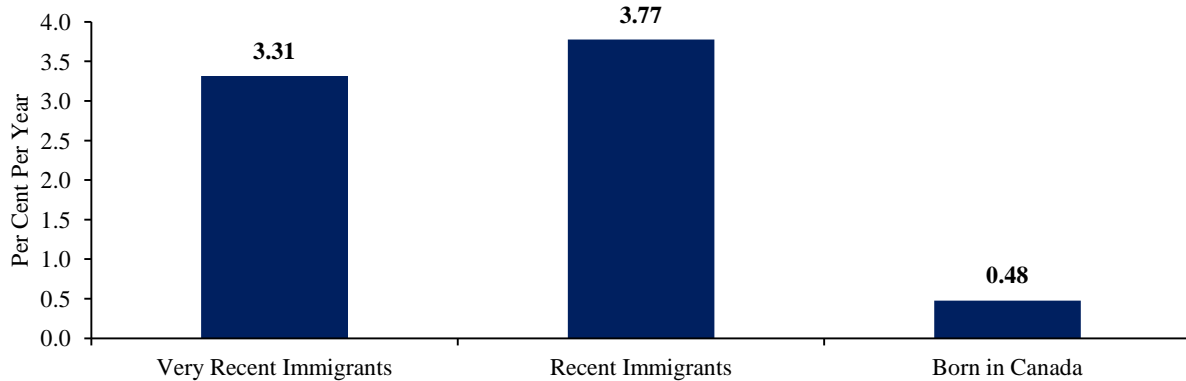
Panel A: Working-Age Population



Panel B: Labour Force



Panel C: Employment



Source: Statistics Canada, Labour Force Survey, 2006-2019

In 2019, the Canadian labour force grew to approximately 20.2 million. Approximately 760,000 very recent immigrants and 906,000 recent immigrants were in the workforce, comprising 3.76 per cent and 4.48 per cent of the labour force, respectively. However, corresponding to the trends in working-age population, the number of people in the labour force for both immigrant groups increased at a significantly higher rate than that of the Canadian-born between 2006 and 2019. Chart 2 shows that the number of recent immigrants in the labour force

grew the fastest at 3.58 per cent per year on average, compared to the rate of the Canadian-born at just 0.42 per cent per year.¹⁰

The trends in total employment growth also correspond to trends for working-age population and labour force (Chart 2). Recent immigrants ranked first for annual average employment growth at 3.77 per cent during the 13-year period, while employment of very recent immigrants also grew substantially at 3.31 per cent per year. However, employment growth for Canadian-born workers grew the slowest at only 0.48 per cent per year.

Overall, the immigrant groups experienced higher growth in working-age population, labour force, and employment compared to Canadian-born workers. These trends reflect the respective age demographics of each group. Very recent and recent immigrant groups are relatively younger than the Canadian-born, whose population has a larger share of older persons. Furthermore, growth in the labour force and total employment was slower for the Canadian-born, as the number of retired baby boomers in the working-age population increased over the period both in absolute terms and as a share of the population 15 years and over. Most significantly, new immigrant workers were likely to be more educated than the Canadian-born in 2019. These statistics signify the growing contributions of highly skilled immigrants to the Canadian labour market.

IV. Immigrant Labour Market Outcomes in Canada

To evaluate the labour market performance of new immigrants, this section analyzes four labour market outcomes: participation, unemployment, and employment rates, as well as average hourly wages. For each outcome, we first summarize the statistics for 2019 by immigrant status and education level. Finally, we compare the long-term trends in labour market outcomes from 2006 to 2019 between new immigrants and the Canadian-born.

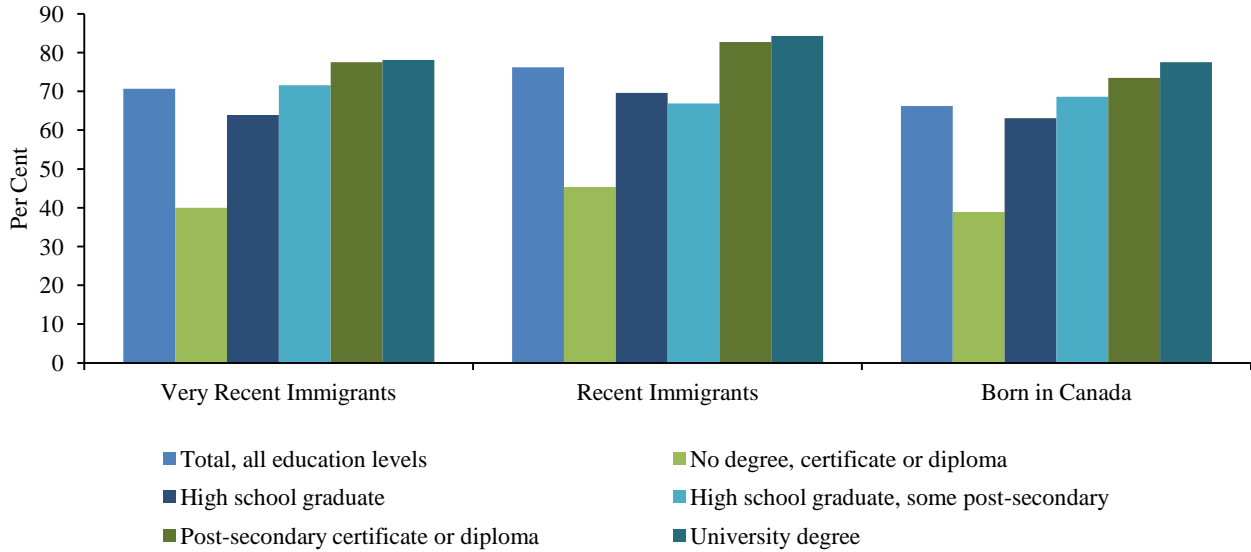
A. Participation Rate by Immigrant Status and Education level

Chart 3 compares the participation rates among immigrant groups and the Canadian-born by education level in 2019. When compared across education levels, the groups exhibited similar patterns in participation rates. For both new immigrants and the Canadian-born, participation rates are higher with higher levels of educational attainment. The participation rate for university graduates in each group was the highest amongst all educational attainment categories. However, when compared across groups, the participation rates of recent and very recent immigrants

¹⁰ Refer to Data Appendix Table 4 for LFS estimates of the labour force in Canada by immigrant status and highest level of educational attainment from 2006 to 2019.

exceeded those of the Canadian-born at every education level.¹¹ For the Canadian-born, the aggregate participation rate was 66.2 per cent in 2019. For very recent and recent immigrants, the aggregate participation rates were 70.7 per cent and 76.2 per cent, respectively.

Chart 3: Participation Rate in Canada by Immigrant Status and Education Level, 2019

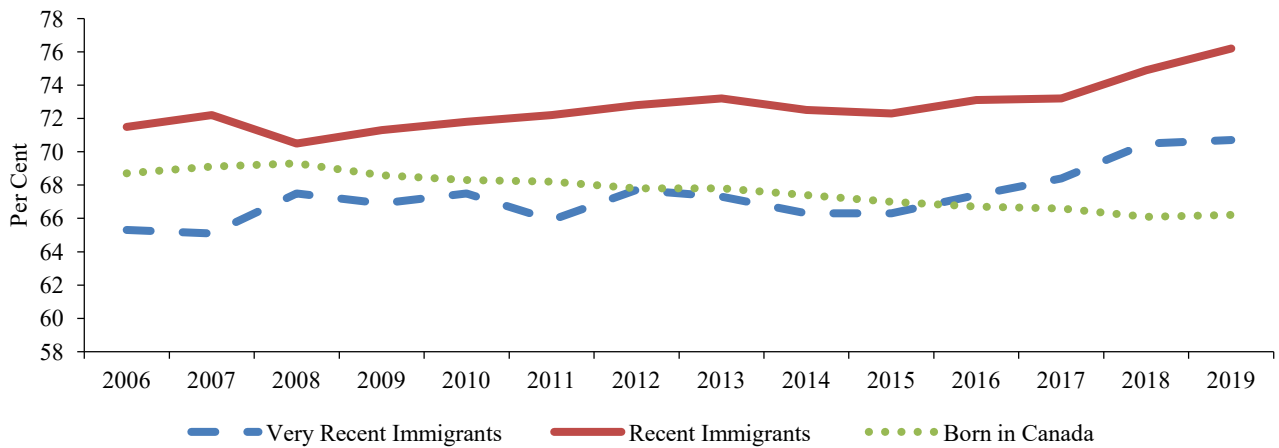


Source: Statistics Canada, Labour Force Survey, 2019, Table 14-10-0087-01

The participation rates of new immigrants for university graduates were notably high. In 2019, university-educated recent immigrants had the highest participation rate at 84.3 per cent, while very recent immigrants followed with 78.1 per cent. The Canadian-born ranked last at 77.5 per cent.

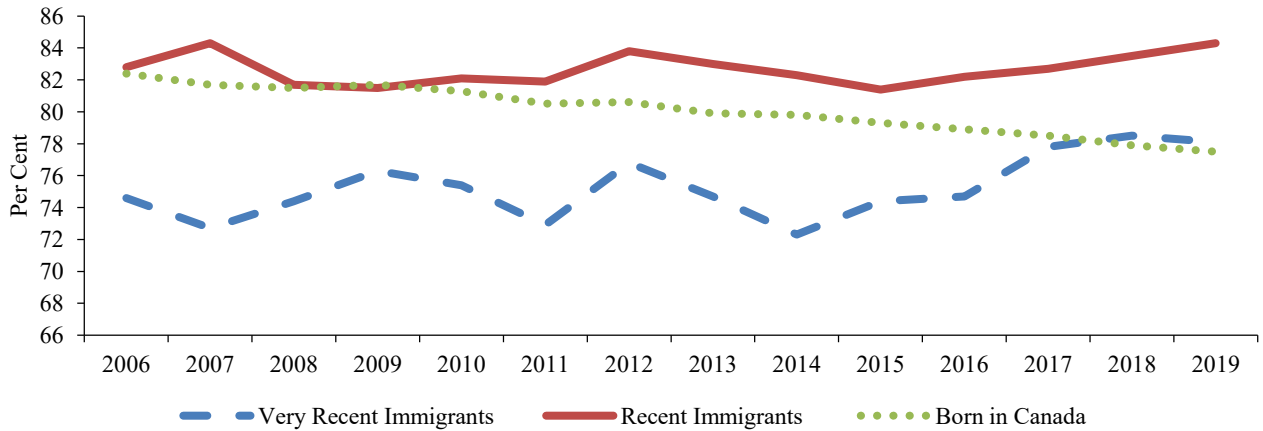
Chart 4 : Participation Rate in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



¹¹ Refer to Data Appendix Table 5 for LFS estimates of the labour force participation rate by immigrant status and education level from 2006 to 2019.

Panel B: University Degree

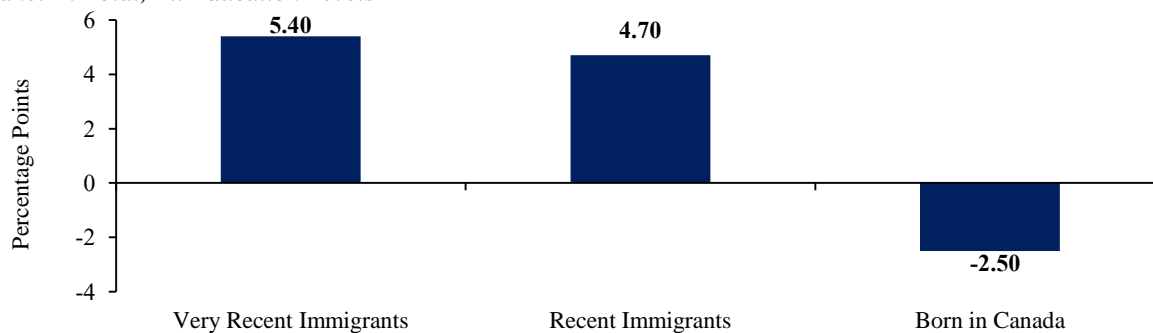


Source: Statistics Canada, Labour Force Survey, 2006-2019, Table 14-10-0087-01

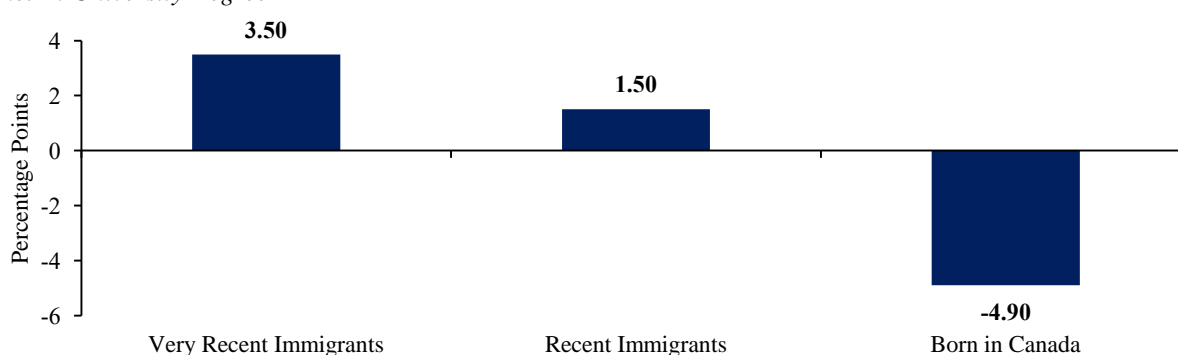
Chart 4 shows the participation rates of all groups between 2006 and 2019 at the aggregate and university level. Participation rates for both education levels showed similar trends. Recent immigrants had the highest participation rate over the period, averaging 72.7 per cent at the aggregate level and 82.7 per cent for university graduates between 2006 and 2019. In contrast, the participation rate of very recent immigrants was the lowest of all the groups for most of the period with average rates of 67.5 per cent at the aggregate level and 75.3 per cent at the university level. However, the participation rate of very recent immigrants trended upwards starting in 2014 and finally surpassed the rate of the Canadian-born at the aggregate and university level in 2016 and 2018, respectively. While the participation rates of both immigrant groups trended upwards, the aggregate participation rate of the Canadian-born trended downwards over the period.

Chart 5: Change in Participation Rate in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

Chart 5 shows the change in participation rates of each group between 2006 and 2019. When compared to new immigrants, the Canadian-born experienced the worst performance in its aggregate participation rate. The participation rate of the Canadian-born fell by 2.5 percentage points, while the participation rates of recent and very recent immigrants increased by 4.7 percentage points and 5.4 percentage points, respectively. These increases were driven in part by a compositional effect: an increase in the proportion of immigrants with post-secondary education, who had relatively high participation rates.

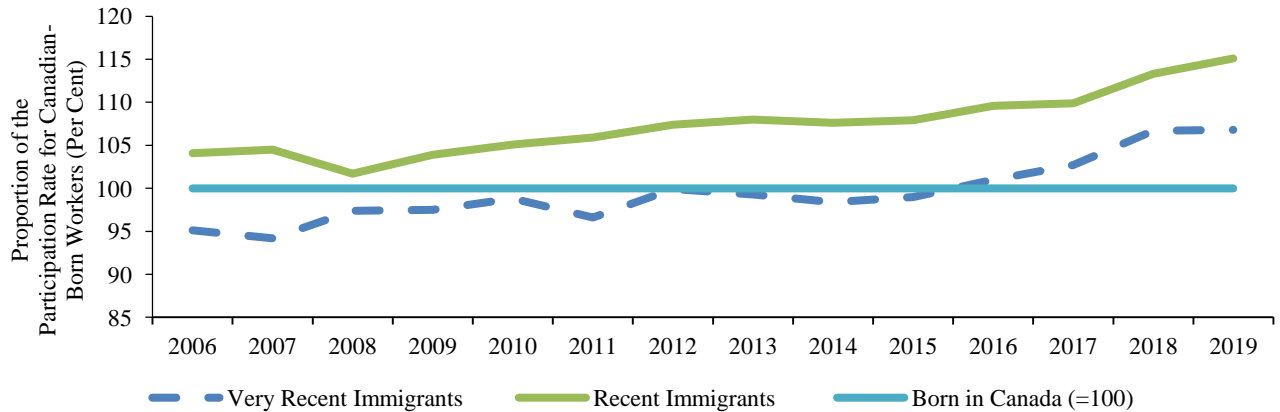
Chart 5 reveals similar trends for university graduates. Very recent immigrants had the highest growth in the participation rate of the university-educated at 3.5 percentage points. The participation rate of recent immigrants also increased, though the change was smaller at 1.5 percentage points. The participation rate of the Canadian-born for university graduates, however, experienced a substantial decline at 4.9 percentage points between 2006 and 2019. The other education levels exhibited similar trends: the Canadian-born experienced a decline in participation rates at every education level.¹² The contrast between the positive growth for new immigrants and negative growth for the Canadian-born could reflect differences in age structure

¹² Refer to Data Appendix Table 5 for LFS estimates of the labour force participation rate by immigrant status and education level from 2006 to 2019.

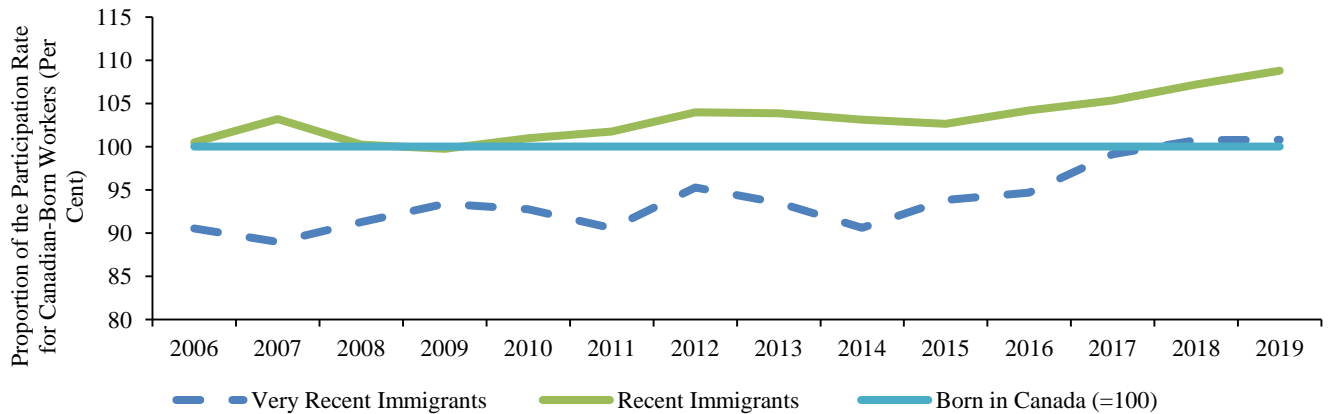
between the groups. Aging populations result in decreasing participation rates, which explains the decline in rates for the Canadian-born at all education levels.

Chart 6: Participation Rate Relative to the Participation Rate of the Canadian-Born in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

Chart 6 shows the participation rates of new immigrants relative to the participation rate of the Canadian-born at the aggregate and university level from 2006 to 2019. The participation rate of recent immigrants consistently surpassed that of the Canadian-born during the period. On average, the relative participation rate of recent immigrants between 2006 and 2019 was 107.4 per cent of the Canadian-born rate. However, the participation rate of very recent immigrants was slightly lower than the rate of the Canadian-born over the period; the relative participation rate averaged 99.6 per cent of the Canadian-born rate from 2006 to 2019.

The aggregate participation rates of both immigrant groups trended steadily upwards relative to the rate of the Canadian-born. The relative rate of recent immigrants increased by 11.0 percentage points from 104.1 per cent in 2006 to 115.1 per cent in 2019. Although the participation rate of very recent immigrants averaged lower than the rate of the Canadian-born

throughout the period, very recent immigrants made significant gains towards convergence, and the participation rate finally surpassed the rate of the Canadian-born in 2016. The relative participation rate of very recent immigrants increased by 11.7 percentage points from 95.1 per cent of the Canadian-born rate in 2006 to 106.8 per cent of the Canadian-born rate in 2019.

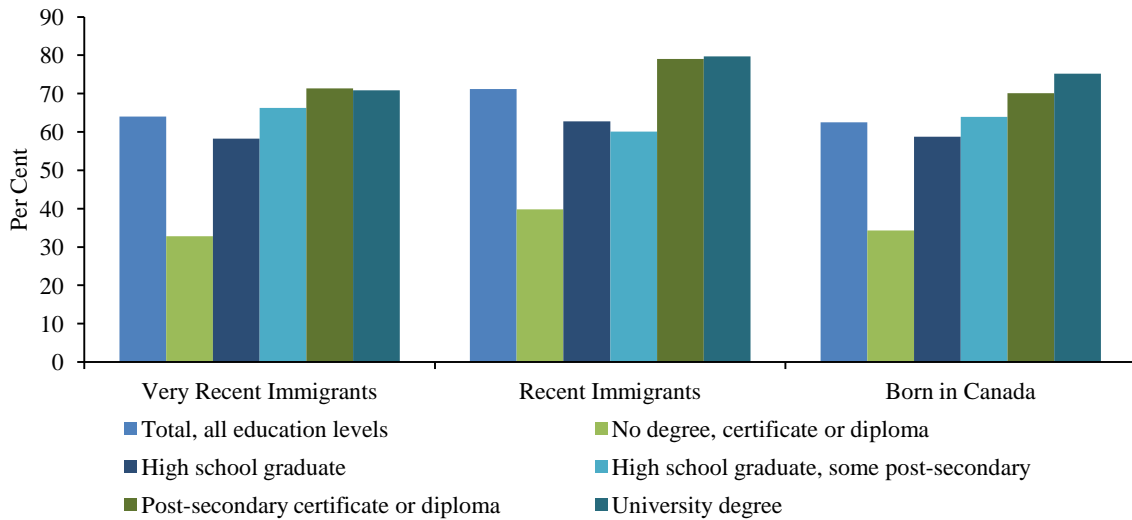
The trends in the participation rates of university-educated immigrants relative to the rate of their Canadian-born counterparts were similar to the trends in aggregate rates (Chart 6). University-educated recent immigrants consistently had a higher participation rate than their Canadian-born counterparts from 2006 to 2019. On average over the period, the relative participation rate of recent immigrants was 103.3 per cent of the Canadian-born rate, or 3.3 percentage points higher. In comparison, the relative participation rate of very recent immigrants averaged 92.7 per cent of the Canadian-born rate over the period, though it exceeded the rate of the domestic-born after 2018. The other education levels exhibited identical patterns in relative participation rates over the period.

The high and rising participation rates of new immigrants underscore the important economic impact of immigration for Canada. Recent newcomers to Canada, particularly those with higher educational attainment, participated in the labour market at higher rates than the Canadian-born. New immigrants also had much stronger growth in participation rates over the 2006-2019 period. This trend is critical, as demographics and current retirement patterns of baby boomers indicate a reduced workforce among the Canadian-born over the next decades.

B. Employment Rate by Immigrant Status and Education Level

Chart 7 compares the employment rates among very recent immigrants, recent immigrants, and the Canadian-born by education level in 2019. Recent immigrants had the highest employment rate at 71.2 per cent, while very recent immigrants followed with 64.0 per cent. Canadian-born workers had the lowest employment rate at 62.5 per cent. As suggested in the discussion on participation rates, differences in demographics could explain the contrast in employment rates between immigrants and Canadian-born workers. In 2019, the population of new immigrants included larger shares of younger individuals. In addition, the immigrant groups had larger shares of workers with a university education than the Canadian-born. Highly educated individuals would have more likely found employment, which would have raised the employment rates of new immigrants. The high employment rates of new immigrants highlight the positive implications of immigration to Canada. With more employed immigrants, the Canadian government receives more tax revenue. Higher employment rates for new immigrants, thus, result in a rising fiscal benefit of immigration.

Chart 7: Employment Rate in Canada by Immigrant Status and Education Level, 2019

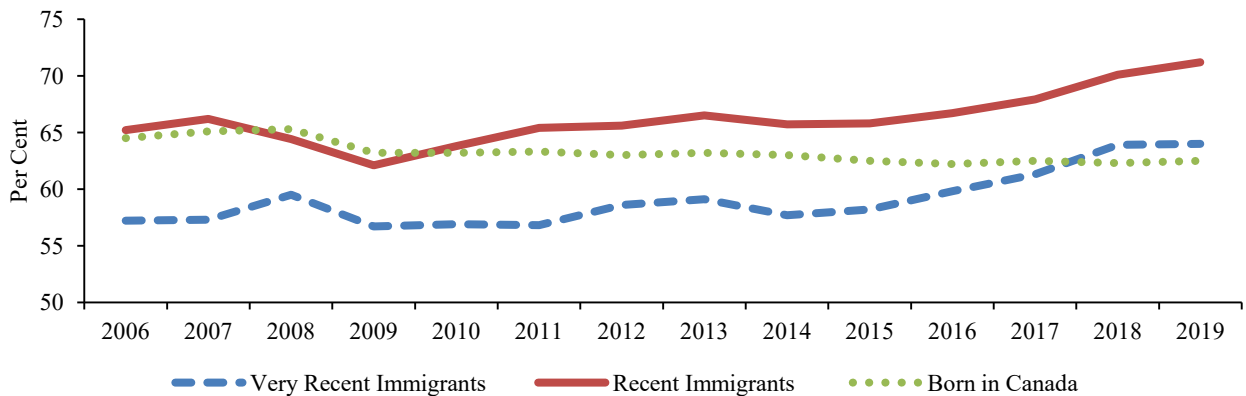


Source: Statistics Canada, Labour Force Survey, 2019, Table 14-10-0087-01

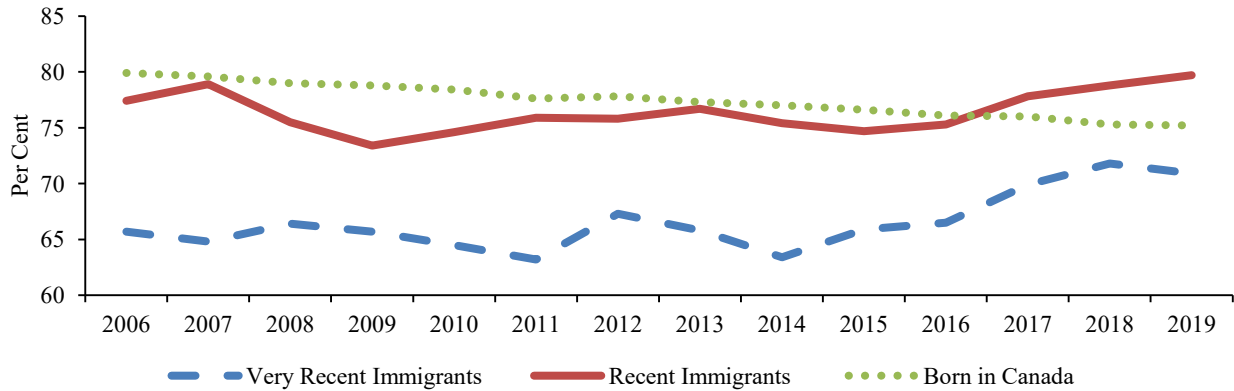
Employment rates tended to be higher the higher the education level. For recent immigrants and the Canadian-born, university graduates had the highest employment rates of the education levels. In 2019, university-educated recent immigrants had the highest employment rate at 79.7 per cent, signifying the substantial contribution of this group to the Canadian economy. The Canadian-born trailed with 75.2 per cent. However, very recent immigrants with a university degree had the lowest employment rate at 70.9 per cent.

Chart 8: Employment Rate in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



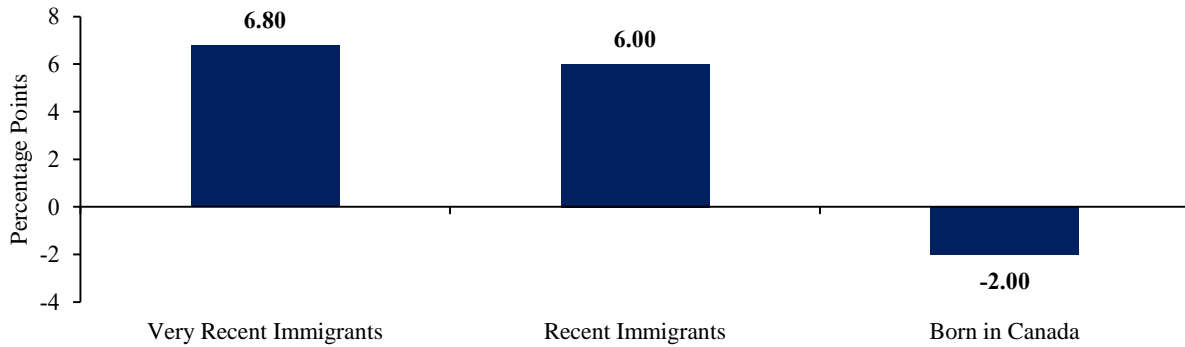
Source: Statistics Canada, Labour Force Survey, 2006-2019, Table 14-10-0087-01

Chart 8 shows the employment rates of all groups between 2006 and 2019 at the aggregate and university level. At the aggregate level, recent immigrants had the highest employment rate for most of the period, averaging 66.2 per cent from 2006 to 2019. The Canadian-born had the second highest employment rate at 63.1 per cent on average. Very recent immigrants ranked last with 59.2 per cent on average, though the employment rate exceeded the rate of the Canadian-born after 2018. For university graduates, the Canadian-born had the highest rate for most of the period, averaging 77.5 per cent between 2006 and 2019, while recent immigrants followed with an average of 76.4 per cent. Very recent immigrants with a university degree had the lowest employment rates throughout the period with an average of 66.6 per cent. While the employment rate of the Canadian-born declined over the period at the aggregate and university level, the rates of recent and very recent immigrants increased steadily.

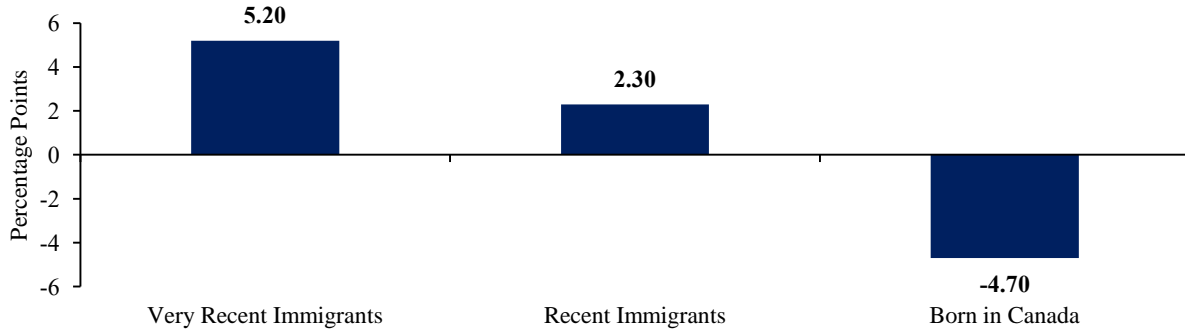
The difference in employment rates between recent and very recent immigrants was large at the aggregate and university level. As recent immigrants have settled longer in Canada, they likely faced fewer barriers in seeking employment than very recent immigrants. Recent immigrants also likely had more advantages that would help with finding employment, such as more advanced language skills and established connections to the community. The advantages related to length of time since immigration likely explain recent immigrants' higher employment rates compared to very recent immigrants.

Chart 9: Change in Employment Rate in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

Chart 9 shows the change in the employment rate of each group at the aggregate and university level between 2006 and 2019. New immigrants made the strongest gains in employment rates during this period. The employment rates of very recent and recent immigrants increased substantially with a 6.8 and 6.0 percentage-point change, respectively. In contrast, the employment rate of the Canadian-born fell by 2.0 percentage points over the period.

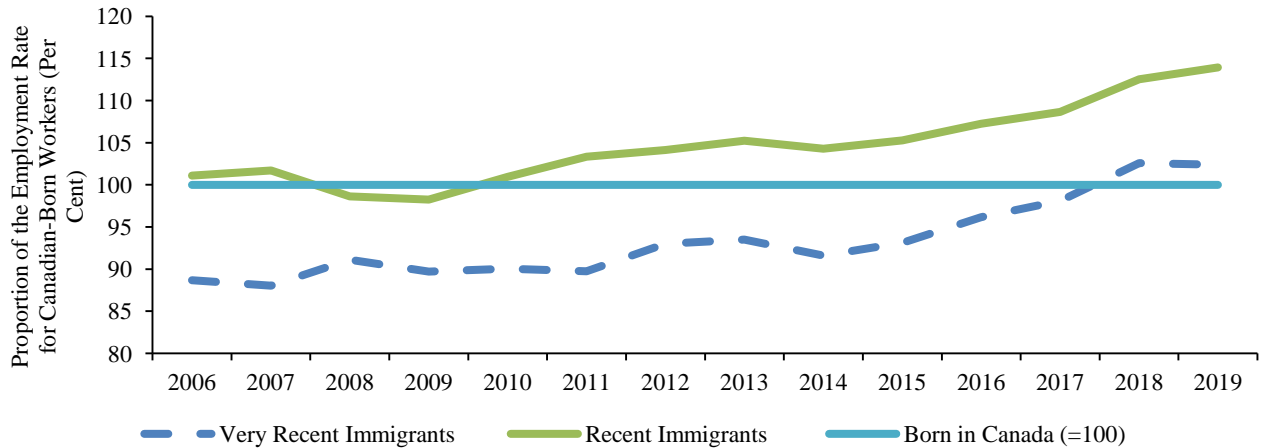
Chart 9 shows similar patterns in growth for the employment rates of university graduates. While very recent immigrants tended to have the lowest employment rates, this group experienced the highest growth at the university level over this period. The employment rate of very recent immigrants grew by 5.2 percentage points for university graduates. Though positive, the growth for recent immigrants with a university degree was much lower at 2.3 percentage points. While new immigrants experienced positive change, the rates of the Canadian-born with university degrees faced significant decline at 4.7 percentage points. These trends were present across education levels below the university level.¹³ Similar to the trends in participation rates,

¹³ For example, between 2006 and 2019, the employment rate of very recent immigrants with high school diplomas increased by 6.3 percentage points, recent immigrants increased by 2.6 percentage points, and the Canadian-born declined by 9.4 percentage points. Refer to Data Appendix Table 6 for LFS estimates of the employment rate by immigrant status and education level from 2006 to 2019.

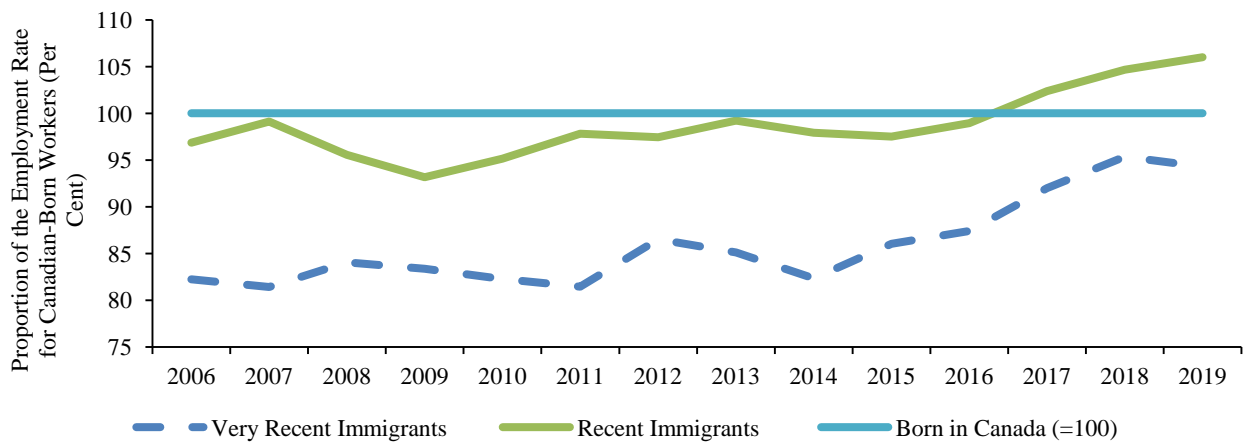
the employment rates of new immigrants improved significantly more than the rate of the Canadian-born between 2006 and 2019.

Chart 10: Employment Rate Relative to the Employment Rate of the Canadian-Born in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

Chart 10 shows the employment rates of the immigrant groups relative to the employment rate of the Canadian-born by education level from 2006 to 2019. The aggregate employment rate of recent immigrants surpassed the rate of the Canadian-born throughout the period (with exceptions in 2008 and 2009). On average over the period, the relative employment rate of recent immigrants was 104.7 per cent of the Canadian-born rate, or 4.7 percentage points higher. In contrast, the relative employment rate of very recent immigrants was on average 93.4 per cent of the Canadian-born rate over the period, or 6.6 percentage points lower; however, the employment rate of very recent immigrants finally exceeded the rate of the Canadian-born in 2018.

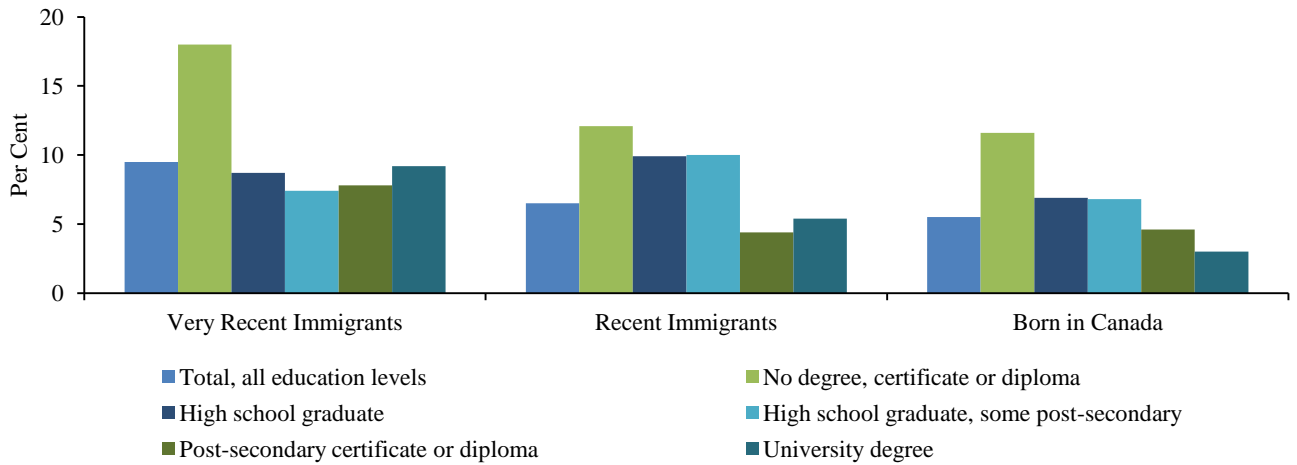
The relative employment rates of both immigrant groups trended upwards throughout the period. The relative employment rate of recent immigrants increased by approximately 12.8 percentage points from 101.1 per cent of the Canadian-born rate in 2006 to 113.9 per cent of the Canadian-born rate in 2019. The relative rate of very recent immigrants increased by 13.7 percentage points from 88.7 per cent to 102.4 per cent.

The relative employment rate for university-educated immigrants exhibited similar upward trends. Both immigrant groups experienced rising relative employment rates. The relative employment rate of recent immigrants with a university degree was on average 98.7 per cent of the Canadian-born rate between 2006 and 2019. The relative employment rate of very recent immigrants averaged 86.0 per cent of the Canadian-born rate, or 14.0 percentage points lower. Thus, very recent immigrants had the highest gap in employment rates on average during this period. Nevertheless, the consistently increasing relative employment rates of very recent immigrants with a university degree between 2006 and 2019 indicate an encouraging trend towards convergence to the rate of the Canadian-born. At the end of the period, the relative employment rate of very recent immigrants increased by 12.0 percentage points from 82.3 per cent of the Canadian-born rate in 2014 to 94.3 per cent in 2019.

C. Unemployment Rate by Immigrant Status and Education Level

Chart 11 compares the unemployment rates among immigrant groups and the Canadian-born by education level in 2019. The Canadian-born had the lowest unemployment rate at every education level. The aggregate unemployment rate of the Canadian-born was 5.5 per cent in 2019, compared to 9.5 per cent and 6.5 per cent for very recent and recent immigrants, respectively. As discussed previously, the participation rates of new immigrants exceeded the rate of the Canadian-born; the gap in employment rates was smaller, but still positive. Thus, these outcomes for new immigrants were better than or comparable to those of the Canadian-born. In contrast, the gap in unemployment rates was significantly high, indicating that new immigrants were worse off than the Canadian-born for this indicator.

Chart 11: Unemployment Rate in Canada by Immigrant Status and Education Level, 2019

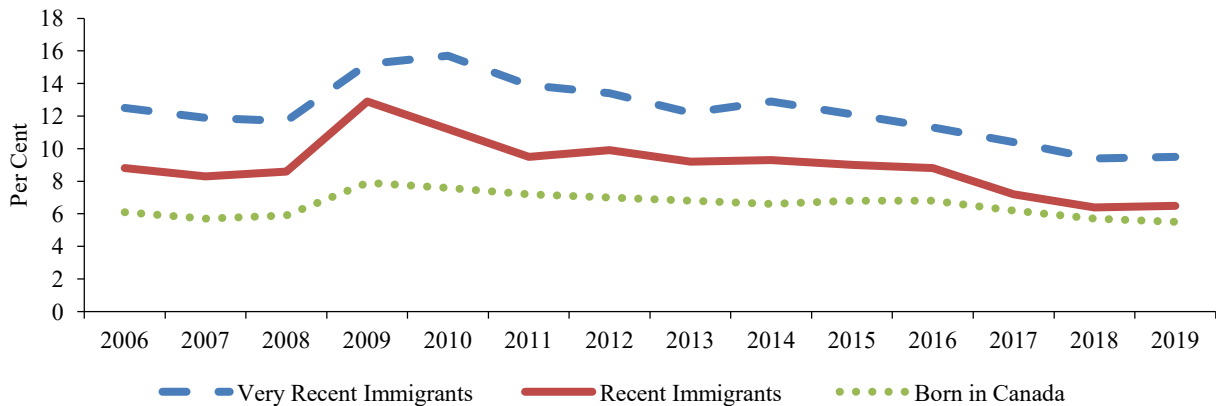


Source: Statistics Canada, Labour Force Survey, 2019, Table 14-10-0087-01

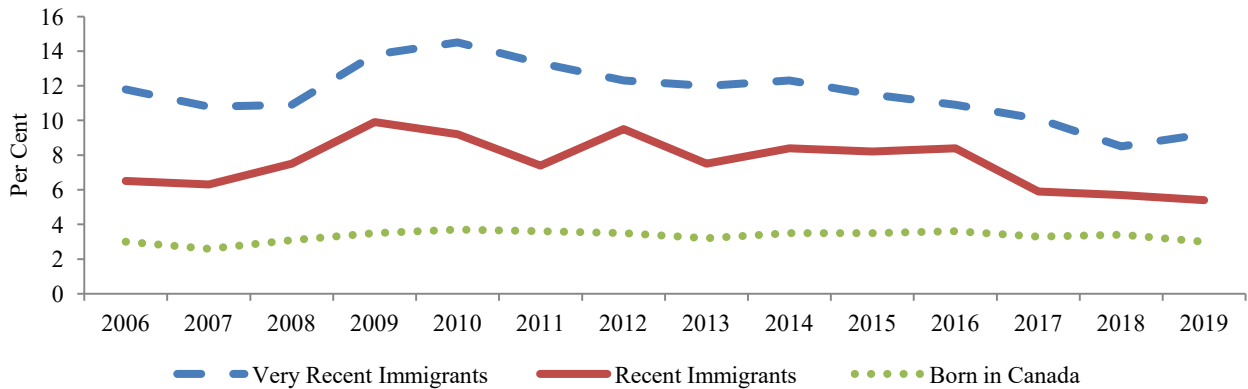
For recent immigrants and the Canadian-born, workers at lower levels of education faced higher rates of unemployment. The least educated (those without any degree, certificate, or diploma) had the highest unemployment rate, while the university-educated had one of the lowest unemployment rates. However, in contrast to this pattern, very recent immigrants faced a relatively high unemployment rate for university graduates, the second highest rate among the education levels in this group. At 9.2 per cent, the unemployment rate of university-educated very recent immigrants was almost double that of recent immigrants at 5.4 per cent and three times higher than that of the Canadian-born at 3.0 per cent.

Chart 12: Unemployment Rate in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree

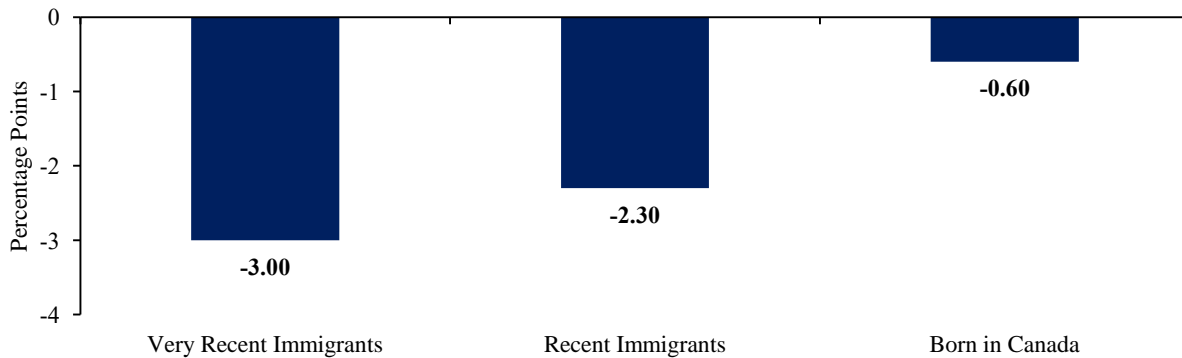


Source: Statistics Canada, Labour Force Survey, 2006-2019, Table 14-10-0087-01

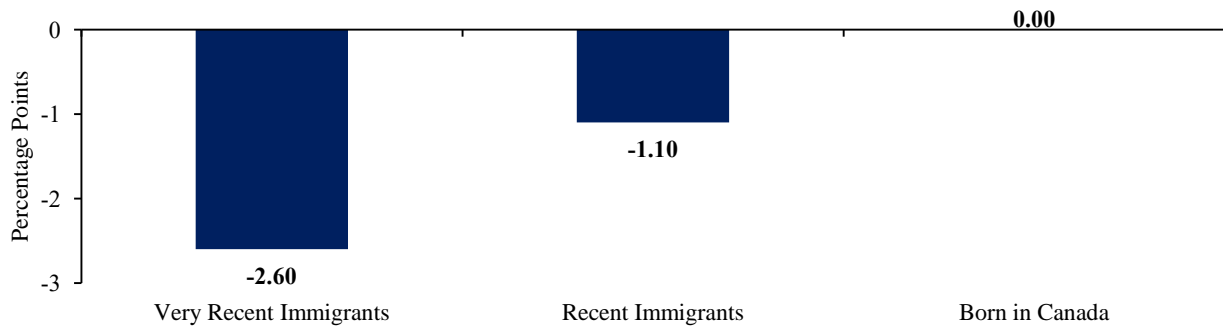
Chart 12 shows the unemployment rates of all groups at the aggregate and university level between 2006 and 2019. Very recent immigrants had the highest unemployment rates with an average of 12.3 per cent at the aggregate level and 11.6 per cent at the university level over the period. Recent immigrants followed with an average of 9.0 per cent at the aggregate level and 7.6 per cent at the university level. The Canadian-born consistently had the lowest unemployment rates at the aggregate and university levels, averaging 6.6 and 3.3 per cent, respectively.

Chart 13: Change in Unemployment Rate in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

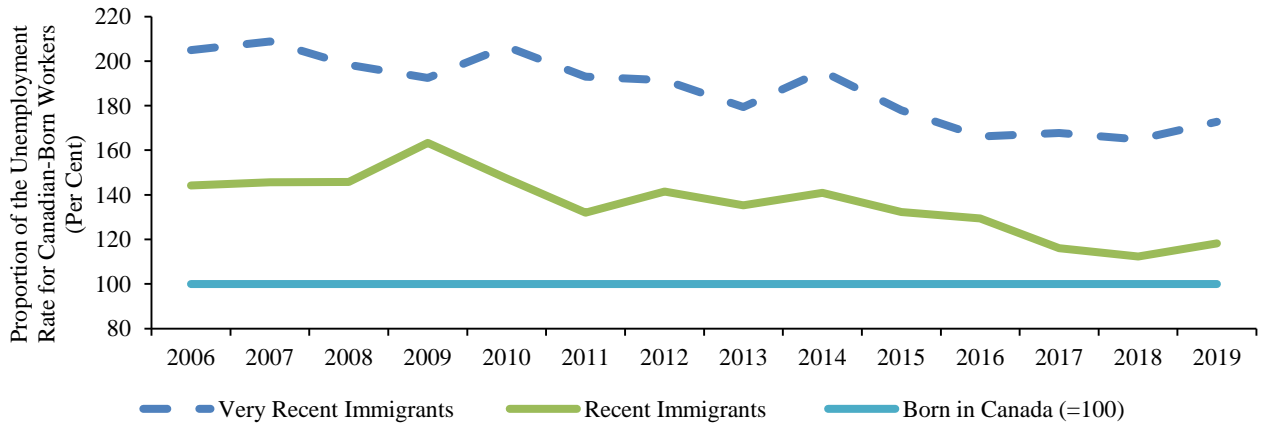
Chart 13 shows the change in unemployment rates of all groups by education level from 2006 to 2019. Compared to the Canadian-born, new immigrants saw a more substantial decline in aggregate unemployment rates over the period. The unemployment rate of very recent immigrants decreased the most by 3.0 percentage points, while the rate of recent immigrants declined by 2.3 percentage points. The unemployment rate of the Canadian-born fell by 0.6 percentage point.

Chart 13 shows similar trends for university graduates. From 2006 to 2019, recent and very recent immigrants with a university degree saw an improvement in unemployment rates, experiencing a 1.1 and 2.6 percentage-point decrease, respectively. In contrast, the Canadian-born with a university degree saw no change in unemployment rate between 2006 and 2019. Although both immigrant groups had higher rates than the Canadian-born, the unemployment rates of new immigrants experienced more significant improvement than the rate of the Canadian-born over time. The other education levels exhibited similar results.¹⁴

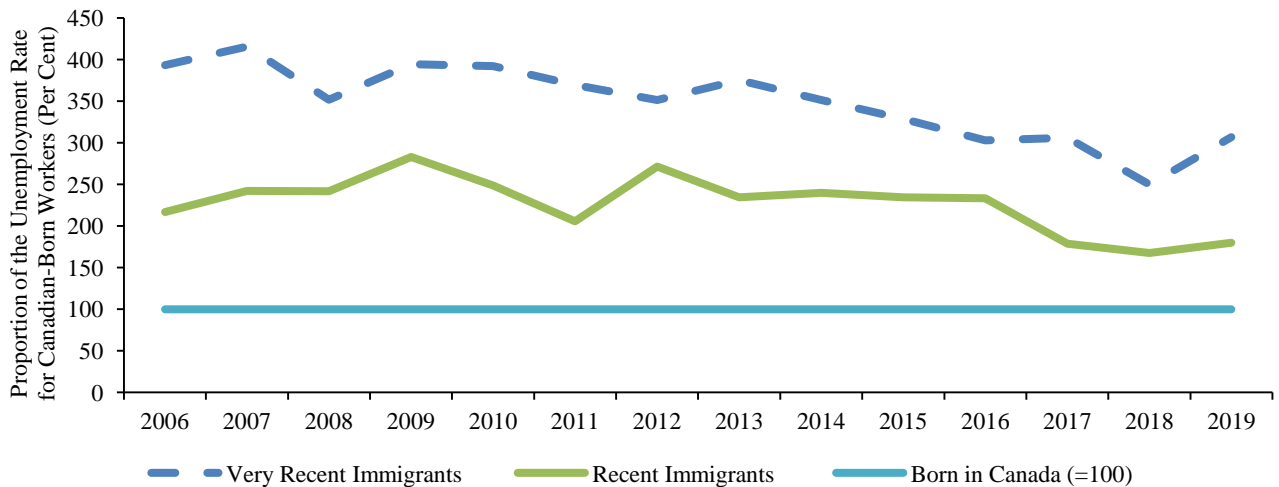
¹⁴ Refer to Appendix Table A.3 for LFS estimates of the unemployment rate by education level and immigrant status between 2006 to 2019.

Chart 14: Unemployment Rate Relative to the Unemployment Rate of the Canadian-Born in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



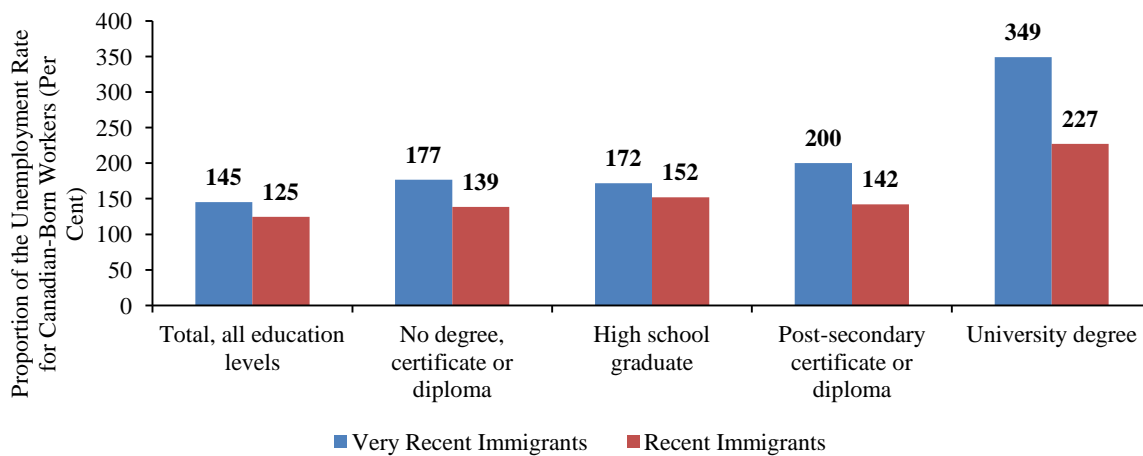
Source: Statistics Canada, Labour Force Survey, 2006-2019

Chart 14 shows the unemployment rates of recent and very recent immigrants relative to rate of the Canadian-born at the aggregate and university level from 2006 to 2019. For the entire period, the aggregate unemployment rate of recent and very recent immigrants remained above the rate of Canadian-born workers. From 2006 to 2012, the unemployment rate of very recent immigrants almost doubled that of the domestic-born; the relative rate of very recent immigrants averaged 199.4 per cent of the Canadian-born rate. The unemployment rate of recent immigrants averaged 145.7 per cent of the Canadian-born rate between 2006 and 2012. The higher employment growth for new immigrants was not sufficient to absorb all newcomers to Canada in the labour force during this period, resulting in high relative unemployment rates. However, the situation for new immigrants appears to have generally improved compared to Canadian-born workers from 2014 to 2019, as their relative unemployment rates decreased. From 2006 to 2019, the relative unemployment rate of recent immigrants decreased by 26.1 percentage points from 144.3 per cent of the Canadian-born rate to 118.2 per cent. The relative rate of very recent

immigrants decreased by 32.2 percentage points from 204.9 per cent of the Canadian-born rate in 2006 to 172.7 per cent in 2019.

Despite the improvement in unemployment rates, the wide gap in rates reveals that newcomers to Canada faced more difficulty finding employment than the Canadian-born between 2006 and 2019. Moreover, as the Canadian-born and recent immigrants had lower unemployment rates than very recent immigrants, there exists a correlation between immigrant labour market conditions and the length of settlement time in Canada: labour market conditions improve for immigrants the longer they have settled in Canada.

Chart 15: Average Unemployment Rate of New Immigrants Relative to the Unemployment Rate of the Canadian-Born in Canada by Education Level, 2006-2019



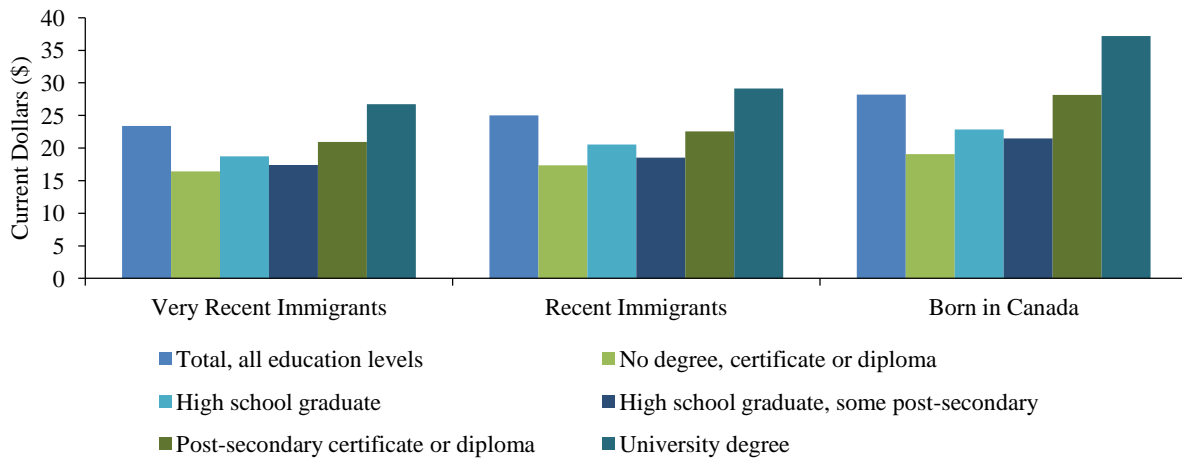
Source: Statistics Canada, Labour Force Survey, 2006-2019

Among the education levels, the gap in unemployment rates was largest for university-educated immigrant workers (Chart 15). Very recent immigrants with a university degree had, on average, the largest gap in unemployment rates relative to Canadian-born workers between 2006 and 2019. During this period, the unemployment rate of very recent immigrants with a university degree averaged 349 per cent of the rate of their Canadian-born counterparts. The unemployment rate of university-educated recent immigrants averaged 227 per cent of the Canadian-born rate. Although Chart 14 shows that the gap in unemployment rates between new immigrants and the Canadian-born at the university level did decrease after 2013, new immigrants continued to face significantly higher unemployment rates than the Canadian-born at the end of the period. The high unemployment rates of university-educated newcomers between 2006 and 2019 reveal that the economic potential of highly skilled immigrants has not been fully realized.

D. Average Hourly Earnings of Employees in Canada by Immigrant Status

Chart 16 shows the nominal average hourly wages of very recent immigrants, recent immigrants, and the Canadian-born by education level in 2019. Canadian-born workers earned the highest aggregate wages at \$28.22 current dollars, while recent immigrants received \$25.01 current dollars and very recent immigrants received \$23.39 current dollars. At every education level, the Canadian-born earned higher wages than new immigrants, and recent immigrants earned more than very recent immigrants.

Chart 16: Nominal Average Hourly Wages in Canada by Immigrant Status and Education Level, 2019

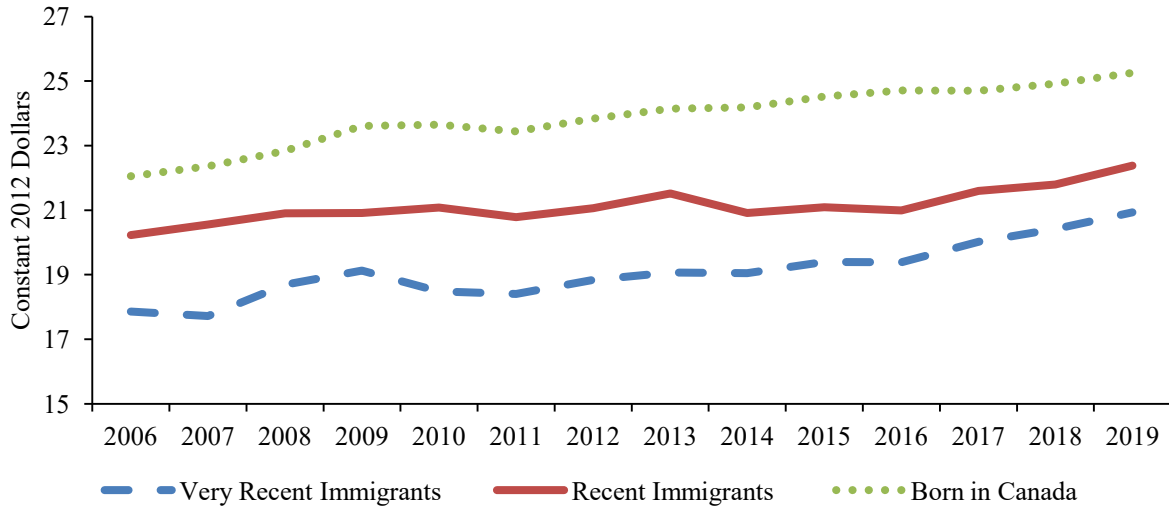


Source: Statistics Canada, Labour Force Survey, 2019, Table 18-10-0005-01

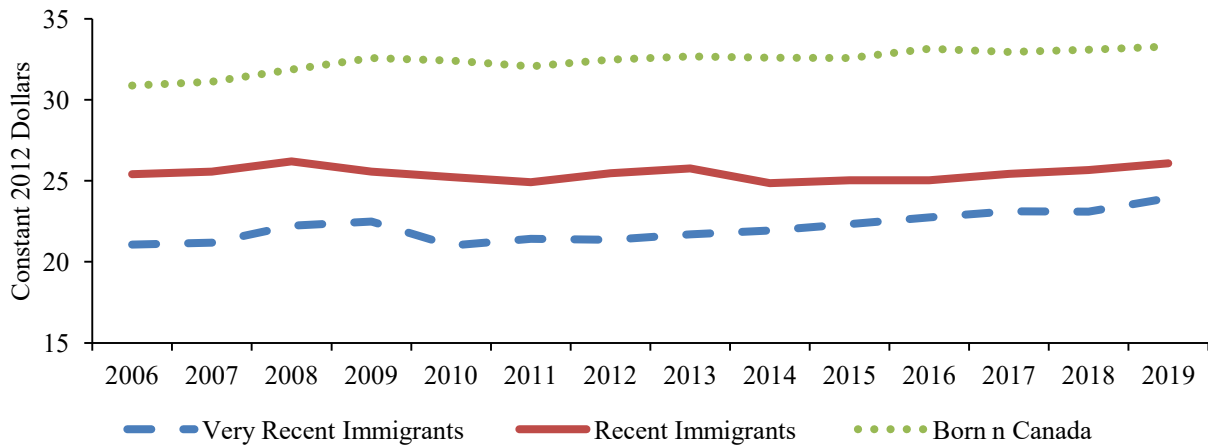
For new immigrants and the Canadian-born, wages tended to increase with higher levels of educational attainment (with the exception of high school graduates with some post-secondary). University-educated workers received the highest wages of the education levels. The Canadian-born with a university degree earned \$37.19 current dollars, recent immigrants earned \$29.14 current dollars, and very recent immigrants earned \$26.73 current dollars.

Chart 17: Real Average Hourly Wages in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

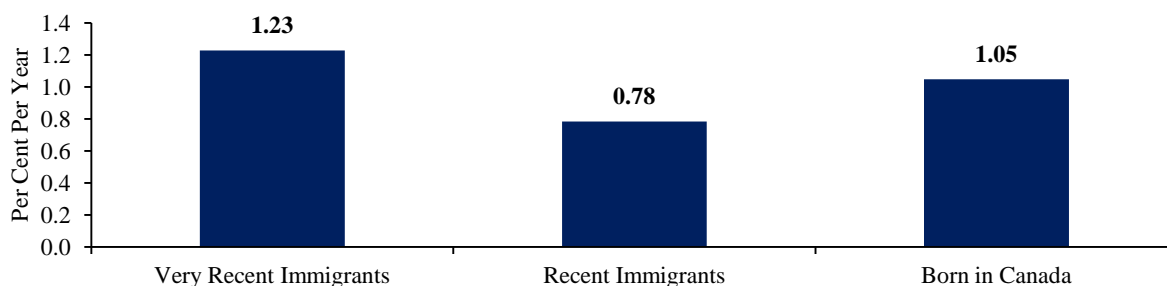
Chart 17 shows the real average hourly wages of all groups at the aggregate and university level from 2006 to 2019. For both education levels, Canadian-born workers consistently had the highest wages over the period, and very recent immigrants received the lowest wages. For the Canadian-born, aggregate real wages grew by \$3.20 constant 2012 dollars from \$22.05 in 2006 to \$25.25 in 2019. Comparatively, the real wages of recent immigrants increased by \$2.16 constant 2012 dollars from \$20.22 in 2006 to \$22.38 in 2019, and the real wages of very recent immigrants increased by \$3.07 constant 2012 dollars from \$17.86 in 2006 to \$20.93 in 2019.

Real wages for university-educated workers also increased for all groups over the period. The real wages of Canadian-born workers with a university degree grew by \$2.40 constant 2012 dollars from \$30.88 in 2006 to \$33.28 in 2019. The real wages of university-educated recent

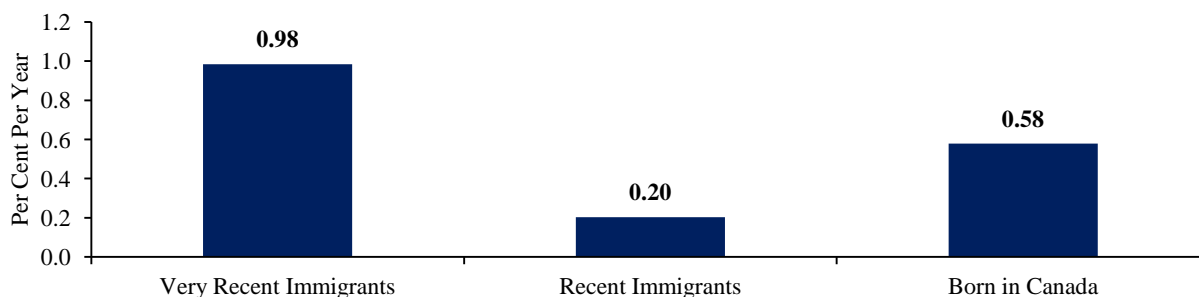
immigrants grew by \$0.68 constant 2012 dollars from \$25.40 in 2006 to \$26.08 in 2019. For university-educated very recent immigrants, real wages increased by \$2.86 constant 2012 dollars from \$17.86 in 2006 to \$20.93 in 2019.

Chart 18: Real Average Hourly Wages in Canada by Immigrant Status and Education Level (Compound Annual Growth), 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

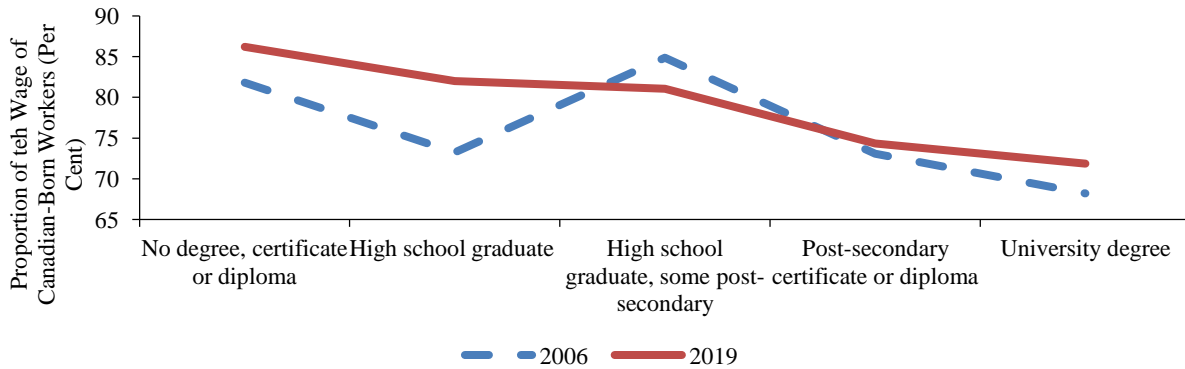
Chart 18 shows the compound annual growth in real wages of each group from 2006 to 2019. At the aggregate level, all groups enjoyed positive real wage growth over this period. Very recent immigrants ranked first in growth at 1.23 per cent per year, while the Canadian-born and recent immigrants followed with 1.05 per cent and 0.78 per cent per year, respectively. In contrast to the relatively weaker growth in participation, unemployment, and employment rates, the Canadian-born wage experienced comparable growth to the new immigrants' wages.

Higher education levels exhibited a similar growth pattern in real wages between 2006 and 2019. At the university level, very recent immigrants saw the highest growth in real wages at 0.98 per cent per year, followed by the Canadian-born at 0.58 per cent per year; the real wages of recent immigrants had the lowest growth at 0.20 per cent per year.¹⁵ Real wage growth for university-educated workers was lower than the growth in aggregate wages.

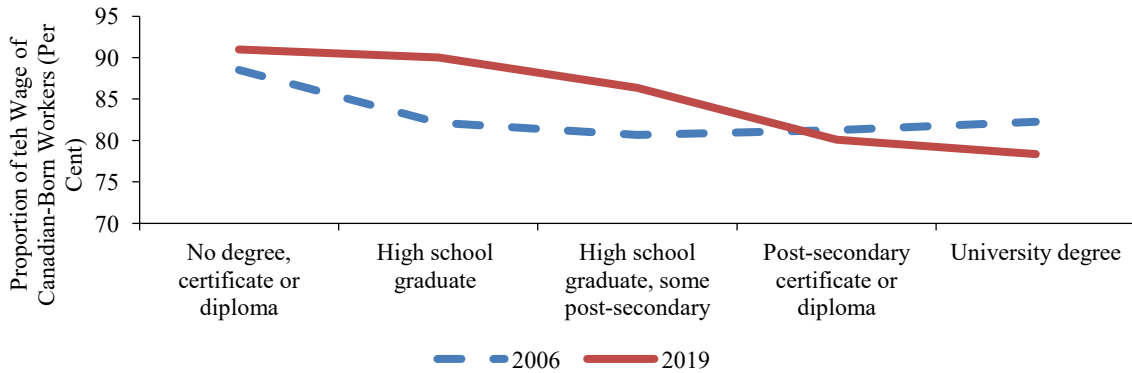
¹⁵ Lower education levels did not follow this pattern. For lower education levels, the compound annual growth in wages of the Canadian-born was lower than those of both immigrant groups. Refer to Data Appendix Table 8 for LFS estimates of the nominal and real average hourly wage of workers (excluding self-employed) in Canada by immigrant status and highest level of educational attainment from 2006 to 2019.

Chart 19: Average Hourly Wage Relative to the Canadian-Born Wage in Canada by Immigrant Status and Education Level, 2006 and 2019

Panel A: Very Recent Immigrants



Panel A: Recent Immigrants



Source: Statistics Canada, Labour Force Survey, 2006-2019

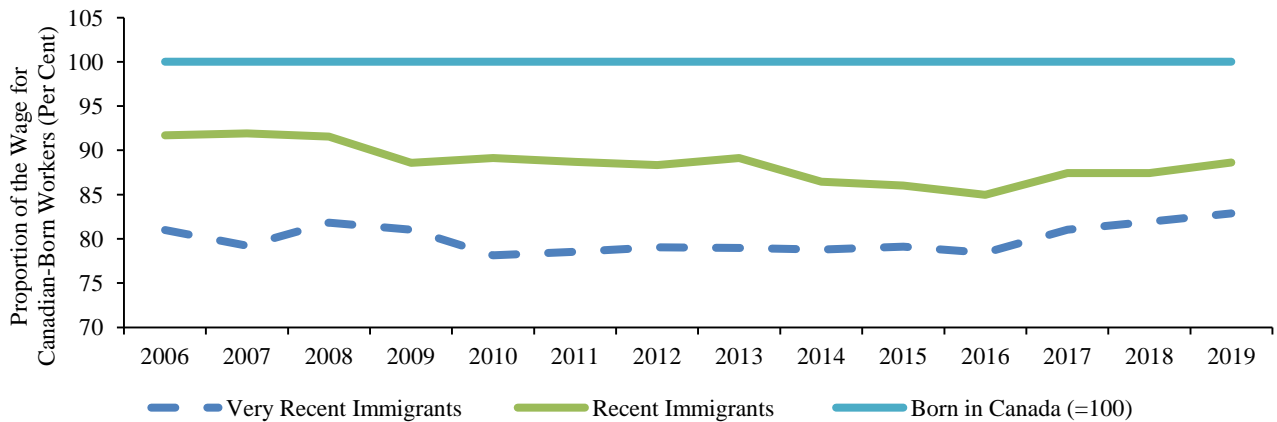
Chart 19 compares the relative wages of each education level by immigrant group in 2006 and 2019. For very recent immigrants, relative wages in 2006 and 2019 were lower with higher levels of education (with the exception of high school graduates with some post-secondary in 2006, which had the highest relative wages). In 2006 and 2019, university-educated very recent immigrants had the lowest relative wages among the education levels at 68.2 per cent and 71.9 per cent, respectively. Relative wages in 2019 (apart from high school graduates with some post-secondary) were higher than those in 2006.

For recent immigrants, relative wages in 2019 decrease with higher levels of education. On the other hand, relative wages in 2006 decrease across the lower education levels, but increase across the post-secondary levels. Most significantly, relative wages in 2019 for recent immigrants exceeded those in 2006 only for the low education levels. For post-secondary graduates, relative wages in 2019 were lower than the relative wages in 2006. This observation supports the finding that relative wages of highly educated recent immigrants showed the least improvement from 2006 to 2019.

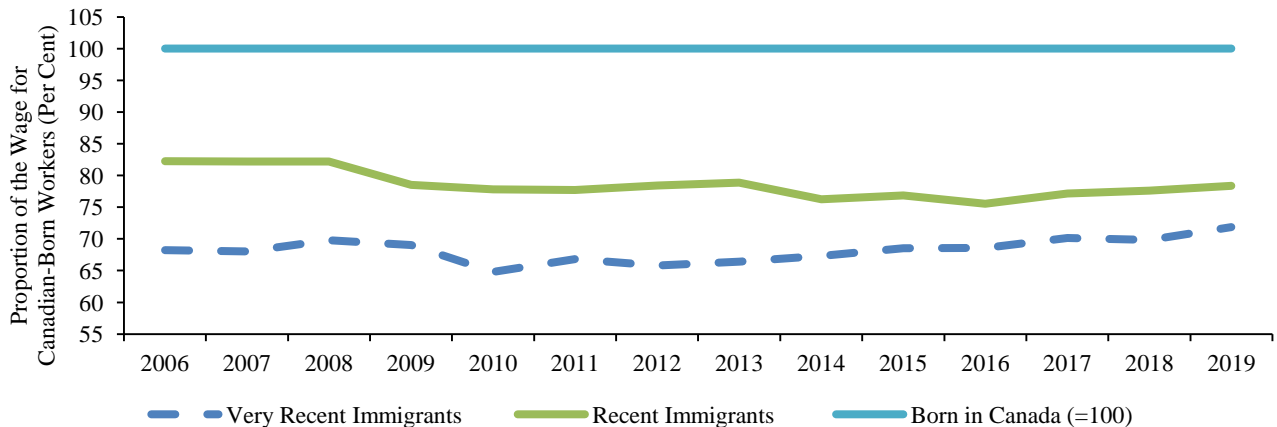
The relationship between education and wages contrasts the relationship for other labour market outcomes. Relative participation and employment rates increase with higher levels of educational attainment. Conversely, immigrant wages relative to the Canadian-born tended to decrease the higher the education level. While immigrants with post-secondary education made strong gains in most labour market outcomes, immigrant wages for the highly-educated experienced less relative improvement, as large disparities persisted throughout the period.

Chart 20: Average Hourly Wage Relative to the Canadian-Born Wage in Canada by Immigrant Status and Education Level, 2006-2019

Panel A: Total, All Education Levels



Panel B: University Degree



Source: Statistics Canada, Labour Force Survey, 2006-2019

Chart 20 shows the nominal average hourly wage of recent and very recent immigrants as proportions of the Canadian-born wage from 2006 to 2019. Over this period, new immigrants had lower aggregate wages than the Canadian-born, and these relative wages for immigrants did not increase substantially. The relative wage of very recent immigrants increased by 1.9 percentage points from 81.0 per cent in 2006 to 82.9 per cent in 2019, while the relative wage of recent immigrants decreased by 3.1 percentage points from 91.7 per cent to 88.6 per cent. Very

recent immigrants consistently had the lowest relative wages for all education levels, earning on average 80 cents per dollar earned by the Canadian-born between 2006 and 2019. Recent immigrants received more on average at 89 cents per dollar earned by the Canadian-born over the period.

After 2016, Chart 20 depicts the beginning of an upward-sloping trend in immigrant wages relative to the Canadian-born wage. For example, the relative wages of very recent immigrants increased by 4.5 percentage points from 78.4 per cent of the Canadian-born wage in 2016 to 82.9 per cent in 2019; the relative wages of recent immigrants grew by 3.7 percentage points from 85.0 per cent of the Canadian-born wage in 2016 to 88.6 per cent in 2019. Nonetheless, the persistent wage gap between new immigrants and the Canadian-born from 2006 to 2019 supports the existence of an “entry effect” for newcomers to Canada. Furthermore, as recent immigrants tended to earn more than very recent immigrants across education levels, the “entry effect” diminishes as immigrants remain longer in Canada.

Chart 20 also shows that the wage gap for university-educated immigrants was more severe than the gap at the aggregate level. University-educated recent immigrants earned on average 78.6 per cent of the Canadian-born wage during this period, while very recent immigrants earned less at 68.2 per cent on average. Of all education levels and immigrant groups, very recent immigrants with a university degree had the largest average earnings gap between 2006 and 2019.

Chart 20 shows that relative wages for university-educated recent immigrants declined over the period, though they increased for very recent immigrants. After bottoming out in 2010 at 64.8 per cent of the Canadian-born wage, the relative wages of very recent immigrants increased to 71.9 per cent in 2019—3.7 percentage points higher than the relative wage level in 2006 of 68.2 per cent. In comparison, the relative wages of recent immigrants began increasing only after 2016; relative wages increased from 75.6 per cent of the Canadian-born wage in 2016 to 78.4 per cent in 2019, remaining well below the relative wage level in 2006. For the overall period, the relative wage of university-educated recent immigrants fell by 3.9 percentage points from 82.3 per cent of the Canadian-born wage in 2006 to 78.4 per cent in 2019. Thus, the wage gap between recent immigrants and the Canadian-born widened between 2006 and 2019.

The sustained wage gap for university-educated immigrants over the 13-year period suggests that the high credentials of immigrants were not rewarded as highly as those of Canadian-born workers with comparable qualifications. The share of university-educated workers in the workforce for both immigrant groups grew from 2006 to 2019, which the

relatively high employment rates of new immigrants reflected.¹⁶ In contrast, the relative wages of immigrants failed to reflect immigrant workers' higher educational attainment.

V. Comparison with National Household Survey and Census Estimates

This section compares estimates of immigrant labour market outcomes between the Labour Force Survey and data from the 2006 Census, 2011 National Household Survey (NHS), and 2016 Census. The LFS, NHS, and Census estimates are not perfectly comparable due to methodological differences among the surveys.¹⁷ Nevertheless, comparing LFS estimates with NHS and census data will determine whether other data sources confirm this report's LFS findings.¹⁸

Table 3: Comparing LFS and NHS/Census Estimates for Canada by Immigrant Status, May 2006, May 2011, and May 2016

Indicator	Immigrant Status	2006		2011		2016		2006-2016	
		LFS	Census	LFS	NHS	LFS	Census	LFS	Census
		Per Cent						Percentage Point Change	
Participation Rate	Very Recent Immigrants	64.6	67.2	65.3	66.4	66.6	67.2	2.0	0.0
	Recent Immigrants	72.3	71.2	72.0	71.4	73.2	72.0	0.9	0.8
	Born in Canada	68.3	68.3	68.2	67.3	66.5	66.4	-1.8	-1.9
	Total Population	66.7	66.8	66.6	66.0	65.6	65.2	-1.1	-1.6
Employment Rate	Very Recent Immigrants	57.3	58.9	56.6	57.6	58.8	59.2	1.5	0.3
	Recent Immigrants	66.4	65.2	64.9	64.4	66.0	65.4	-0.4	0.2
	Born in Canada	64.0	63.9	62.9	62.2	61.7	61.3	-2.3	-2.6
	Total Population	62.4	62.4	61.3	60.9	60.8	60.2	-1.6	-2.2
Unemployment Rate	Very Recent Immigrants	11.4	12.3	13.4	13.3	11.6	11.9	0.2	-0.4
	Recent Immigrants	8.2	8.4	9.8	9.8	9.8	9.1	1.6	0.7
	Born in Canada	6.4	6.4	7.8	7.6	7.1	7.7	0.7	1.3
	Total Population	6.5	6.6	7.9	7.8	7.4	7.7	0.9	1.1

¹⁶ For very recent immigrants, the number of university-educated individuals in the labour force grew at a compound annual rate of 4.22 per cent from 2006 to 2019. For recent immigrants, the total grew to 4.82 per cent. These rates were higher than the Canadian-born rate of 2.64 per cent. Moreover, the growth rate for the university-educated was the highest rate among the education levels for both immigrant groups. Refer to Data Appendix Table 4.

¹⁷ Significant methodological differences exist between the Census and NHS. Minor differences also exist between the 2006 and 2016 Census, such as different target populations. Thus, NHS data are not comparable with Census data. Nonetheless, to compare with LFS estimates, Table 3 presents labour force estimates from the 2006 Census, 2011 NHS, and 2016 Census, as well as the per cent or percentage point change in values between 2006 and 2016.

¹⁸ Note that the annual LFS estimates are averaged monthly, while the Census uses the census month for annual estimates.

Source: Statistics Canada, Census, 2006; National Household Survey, 2011; Census 2016; Labour Force Survey, May 2006, 2011, and 2016

Table 3 provides the LFS, Census, and NHS estimates of participation, employment and unemployment rates in Canada by immigrant status for 2006, 2011, and 2016.¹⁹ The surveys featured similar patterns in estimates. According to both the LFS and NHS/Census in all three years, recent immigrants generally had the highest participation and employment rates, followed by the Canadian-born and very recent immigrants.²⁰ Similarly, both the LFS and NHS/Census indicate that very recent immigrants had the highest unemployment rate and recent immigrants had the second highest in 2006, 2011, and 2016.

The absolute change in labour market outcomes of new immigrants between May 2006 and May 2016 differed between the LFS and Census.²¹ The changes based on LFS data are not found to the same degree as in the Census. For very recent immigrants, the participation rate increased by 2.0 percentage points according to the LFS, but remained constant from 2006 to 2016 according to the Census. The employment rate increased by 1.5 percentage points based on LFS estimates versus 0.3 percentage point based on the Census. Finally, the unemployment rate increased by 0.2 percentage point according to the LFS, but decreased by 0.4 percentage point according to the Census.

For recent immigrants, the Census determined greater absolute improvement than the LFS for the employment and unemployment rate, while the LFS estimated stronger improvement for the participation rate. The participation rate increased by 0.9 percentage point based on the LFS and 0.8 percentage point based on the Census. The employment rate increased by 0.2 percentage point according to the Census, but decreased by 0.4 percentage point based on the LFS. Finally, the unemployment rate increased by 0.7 percentage point according to the Census and 1.6 percentage points according to the LFS.

¹⁹ For working age population, labour force, employed and unemployed totals, refer to Data Appendix Table 10 for 2006 Census estimates, Table 11 for NHS estimates, and Table 12 for 2016 Census estimates. Significant level differences exist for these outcomes between the LFS and the other sources of data. However, large discrepancies mostly occur for very recent immigrants. The LFS estimates of working age population, labour force, employed and unemployed totals for very recent immigrants in May 2006 were significantly lower than the 2006 Census estimates. The differences for May 2011 and 2016 were not as large, but the LFS estimates for very recent immigrants were still lower than their corresponding NHS/Census data.

²⁰ The LFS and Census estimates for participation rates in 2016 are the exception. Recent immigrants had the highest participation rate, very recent immigrants had the second highest, and the Canadian-born had the lowest.

²¹ Refer to Data Appendix Table 13 for working age population, labour force, employed and unemployed totals. For all groups, the magnitudes of the percentage increase in population, labour force, employed and unemployed totals based on LFS estimates were generally higher than the magnitudes based on Census data.

Table 4: Average Employment Income in Canada by Immigrant Status and Highest Level of Educational Attainment According to the 2006 Census, 2011 NHS, and 2016 Census*Panel A: 2006 Census*

	Total, All Education Levels	Certificate or Diploma Below Bachelor Level	University Certificate or Diploma	Bachelor's Degree
Current Dollars (\$)				
Very Recent Immigrants	23,961	18,361	30,270	27,364
Recent Immigrants	29,272	21,668	41,269	35,909
Born in Canada	36,457	30,720	61,237	55,384
Proportion of Income for Canadian-Born Workers (Per Cent)				
Very Recent Immigrants	65.7	59.8	49.4	49.4
Recent Immigrants	80.3	70.5	67.4	64.8

Note: The 2006 Census only gives employment income estimates for post-secondary education levels. "Certificate or Diploma Below Bachelor Level" refers to college or other non-university certifications. "University Certificate or Degree" refers to non-degree university certificates related to professional associations, such as accounting. "Very Recent Immigrants" only includes immigrants who arrived between 2001-2004.

Panel B: 2011 NHS

	Total, All Education Levels	No Certificate, Diploma or Degree	High School Graduate	Post-secondary Certificate, Diploma or Degree	Post-secondary Certificate or Diploma below Bachelor Level	University Certificate, Diploma or Degree at Bachelor Level or Above
Current Dollars (\$)						
Very Recent Immigrants	31,258	18,367	20,764	35,582	28,426	39,839
Recent Immigrants	36,544	18,920	21,780	42,387	32,267	48,051
Born in Canada	41,978	23,328	31,127	50,980	42,297	66,517
Proportion of Income for Canadian-Born Workers (Per Cent)						
Very Recent Immigrants	74.5	78.7	66.7	69.8	67.2	59.9
Recent Immigrants	87.1	81.1	70.0	83.1	76.3	72.2

Note: "Post-secondary Certificate or Diploma below Bachelor Level" refers to non-degree university certificates related to professional associations, such as accounting. "Very Recent Immigrants" only includes immigrants who arrived between 2006-2009.

Panel C: 2016 Census

	Total, All Education Levels	No Certificate, Diploma or Degree	High School Graduate	Post-secondary Certificate, Diploma or Degree	University Certificate or Diploma below Bachelor Level	University Certificate, Diploma or Degree at Bachelor Level or Above
Current Dollars (\$)						
Very Recent Immigrants	33,077	17,662	22,759	38,057	30,585	41,888
Recent Immigrants	36,773	20,070	23,862	43,237	36,229	48,546
Born in Canada	47,018	25,070	34,728	57,117	51,581	73,614
Proportion of Income for Canadian-Born Workers (Per Cent)						
Very Recent Immigrants	70.3	70.5	65.5	66.6	59.3	56.9
Recent Immigrants	78.2	80.1	68.7	75.7	70.2	65.9

Note: "University Certificate or Degree below Bachelor Level" refers to non-degree university certificates related to professional associations, such as accounting. "Very Recent Immigrants" only includes immigrants who have arrived between 2011-2014.

Source: Statistics Canada, Census, 2006; National Household Survey, 2011; Census 2016

Table 4 provides estimates of average employment income in 2006, 2011, and 2016 by immigrant status and highest level of educational attainment from the Census and NHS. The findings based on these estimates are consistent with the findings in LFS estimates of nominal average hourly wages for each respective year.²² Similar to the LFS estimates, the Census shows that very recent and recent immigrants earned significantly lower employment income than Canadian-born workers at every education level and for every year.

Each survey reveals a similar gradient for income in terms of immigrant status and education level. As education increases, the earnings disparity between the Canadian-born and new immigrants also increases. The highest education level consistently had the largest earnings gap. Very recent immigrants with a university degree earned 49.4 per cent of Canadian-born earnings according to the 2006 Census, 59.9 per cent according to the 2011 Census, and 56.9 per cent according to the 2016 Census. In comparison, university-educated recent immigrants earned 64.8 per cent of Canadian-born earnings according to the 2006 Census, 72.2 per cent according to the 2011 Census, and 65.9 per cent according to the 2016 Census. Very recent immigrants earned less than recent immigrants at every education level in 2006, 2011, and 2016. The earnings gaps between new immigrants and the Canadian-born, as well as the gap between very recent and recent immigrants, signify an "entry effect" for newcomers to Canada. These observations found in the NHS/Census employment income data are consistent with the ones found in LFS data for hourly wages.

²² The Census and NHS only provide estimates for average employment income, not average hourly wages. Thus, LFS and Census/NHS estimates for earnings are not directly comparable. However, the patterns in earnings across immigrant status and educational levels between the sources of data are similar.

Table 5: Comparing LFS and Census Relative Earnings/Average Hourly Wages in Canada by Immigrant Status and Highest Level of Educational Attainment, 2006 and 2016

Panel A: Total, All Education Levels

Immigrant Status	2006		2016		2006-2016	
	LFS	Census	LFS	Census	LFS	Census
	Proportion of Earnings for Canadian-Born Workers (Per Cent)				Percentage Point Change	
Very Recent Immigrants	81.0	65.7	78.4	70.3	-2.6	4.6
Recent Immigrants	91.7	80.3	85.0	78.2	-6.7	-2.1

Panel B: University Degree

Immigrant Status	2006		2016		2006-2016	
	LFS	Census	LFS	Census	LFS	Census
	Proportion of Earnings for Canadian-Born Workers (Per Cent)				Percentage Point Change	
Very Recent Immigrants	68.2	49.4	68.6	56.9	0.4	7.5
Recent Immigrants	82.3	64.8	75.6	65.9	-6.7	1.1

Source: Statistics Canada, Labour Force Survey, 2006-2019; Census, 2006; Census 2016

Table 5 compares the relative employment income estimated by the Census and the relative wages determined by the LFS for new immigrants at the aggregate and university level in 2006 and 2016.²³ Relative wages based on the LFS exceeded the relative income based on the Census for both immigrant groups and education levels in 2006 and 2016. The change in relative earnings was also significantly different between the two sources of data. The Census indicated a considerably greater improvement in earnings than the LFS between 2006 and 2016. The LFS, which indicated a relatively weak performance in the relative wages of new immigrants from 2006 to 2019, may be underestimating their true improvement. For very recent immigrants, relative earnings increased by 4.6 percentage points according to the Census from 2006 to 2016, but decreased by 2.6 percentage points according to the LFS. Similarly, relative earnings at the university level improved more significantly based on Census data; the Census indicated an improvement of 7.5 percentage points over the period, while the LFS estimated a more modest increase of 0.4 percentage point.

The relative earnings of recent immigrants had similar results. At the aggregate level, relative income decreased by 2.1 percentage points based on the Census from 2006 to 2016, while relative wages decreased by 6.7 percentage points based on the LFS. At the university level, relative income increased by 1.1 percentage points according to the Census, but relative wages decreased by 6.7 percentage points according to the LFS. Thus, LFS estimates show a weaker change in earnings between 2006 and 2016 compared to the Census.

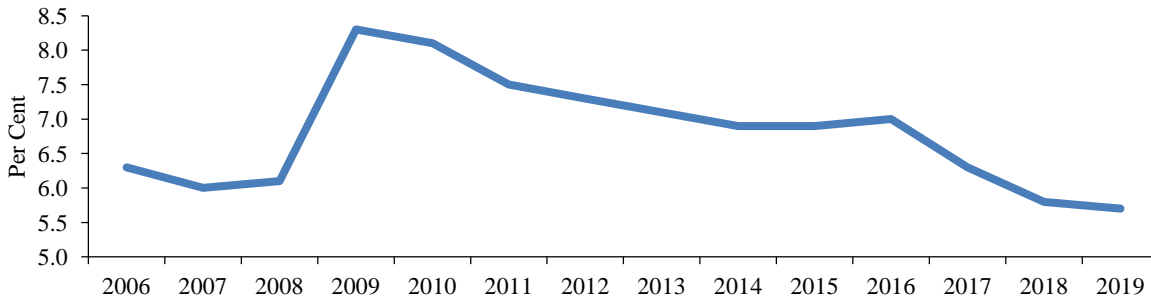
²³ Note that, similar to Table 4, LFS and Census estimates for earnings are not perfectly comparable. Relative earnings for the LFS are based on average hourly earnings, while those for the Census are based on employment income.

VI. Explaining the Improved Labour Performance of New Immigrants

New immigrants achieved absolute and relative improvements in labour market outcomes from 2006 to 2019, most notably higher participation and employment rates and lower unemployment rates. This section posits several reasons for the improvement in the performance of new immigrants over this 13-year period. The following reasons, however, are speculative, and further research is needed to assess the validity and relative importance of these hypotheses to explain the improved labour market performance of new immigrants.

- **Rising Importance of University-Educated Immigrants among Total Immigrants in Canada** – New immigrants have a large share of individuals with high educational attainment, as the Canadian immigration system has aimed to attract highly skilled and educated immigrants since the 1990s (Reitz, 2013). Most significantly, the share of new immigrant workers with a university education increased from 2006 to 2019. For very recent immigrants, the share of university-educated workers increased by 7.5 percentage points from 48.3 per cent in 2006 to 55.8 per cent in 2019. For recent immigrants, the share of workers with a university degree increased by 6.7 percentage points from 43.7 per cent in 2006 to 50.3 per cent in 2019.²⁴ Thus, as immigrants were more likely to be of prime working age and highly educated than the Canadian-born population, and the share of new immigrant workers with a university degree increased from 2006 to 2019, the participation and employment rates for new immigrants improved over the period.
- **Strong Labour Market of the late 2010s** – Between 2006 and 2012, Canada's unemployment rate averaged 7.1 per cent, but between 2013 and 2019, the unemployment rate decreased to 6.5 per cent on average (Chart 21). New immigrants could have benefited disproportionately from the strong post-recession labour market in Canada. Macroeconomic conditions have a particularly significant impact on the labour outcomes of new immigrants entering the Canadian labour market (Aydemir, 2003). During periods of economic downturns, employers may less likely take the risk of hiring newcomers to Canada; conversely, during times of strong economic conditions, employers may be more willing to employ new immigrants. The strong labour market during the second half of the 2010s could have contributed to the high participation and employment rates of these newcomers.

²⁴ Refer to Table 2 in the Data Appendix for LFS data on total employment in Canada by immigrant status and highest level of educational attainment from 2006 to 2019.

Chart 21: Unemployment Rate in Canada, 2006-2019

Source: Statistics Canada, Labour Force Survey, 2006-2019

- **Federal/Provincial Programs Aimed at Immigrant Workers** – Between 2006 and 2019, government programs, such as the Federal Skilled Worker Program and the Provincial Nominee Program, could have contributed to the improved labour performance of new immigrants. For example, the Provincial Nominee Program (PNP) targets skilled workers for immigration who will help fulfill the province’s specific economic needs (Kustec, 2012). Immigrants under the PNP would, thus, more likely obtain employment quickly after arrival. By targeting highly skilled immigrant workers, these programs could have helped strengthen the overall labour performance of new immigrants. However, further research on these programs is needed to evaluate their impact.
- **Improved Support Services for New Immigrants** – Services for immigrant candidates and new immigrants could have improved between 2006 and 2019. Pre-arrival services may have better prepared immigration applicants for integration into the Canadian labour market, such as helping candidates connect with Canadian employers before immigration. Finally, new immigrants over this period may have had more access to services in Canada related to employment and skills development, such as career counselling and language classes.
- **Better Labour Market Information** – Between 2006 and 2019, immigrant candidates likely had access to improved online sources of Canadian labour market information (LMI). Improved LMI would have helped these candidates make a more informed decision to immigrate to Canada. Moreover, LMI would have better prepared candidates to integrate in the Canadian labour force by providing information about specific occupations and their required skills. Improved information access would, thus, have increased the number of newcomers more suitable to Canada’s labour needs and requirements.
- **Improvements in Foreign Credential Recognition** – Credential recognition has been a major barrier to employment for new immigrants. Between 2006 and 2019, the process to recognize new immigrants’ foreign credentials could have improved, as several

government efforts have been made. For example, the Foreign Credential Recognition Program, created in 2003, provides financial support to key agencies involved in the credential recognition process. In 2007, the Foreign Credentials Referral Office was established to provide immigrants with essential information on the credential recognition process and useful services (Canada, 2009). However, further research is needed to determine whether the process of foreign credential recognition has, in fact, improved during this period.

While new immigrants improved in absolute and relative participation, employment, and unemployment rates over this period, they experienced less improvement in earnings. From 2006 to 2019, the wage gap between new immigrants and the Canadian-born was consistently large, particularly for the university-educated. Although absolute earnings for new immigrants and relative earnings for very recent immigrants have increased since 2006, the relative earnings of recent immigrants deteriorated over the period. The following are potential reasons for the weaker improvement in relative earnings for recent immigrants:

- **Barriers for Immigrants** – Compared to the Canadian-born, new immigrants face more obstacles that may negatively affect earnings more than employment. For example, immigrants likely face more discrimination, struggle with language barriers, and lack the networks for promotion. These barriers prevent immigrants from obtaining promotions or jobs with high earnings.
- **“Brain Waste” & Job Mismatching** – Highly educated newcomers to Canada could be employed in low-skilled jobs, a phenomenon known as “brain waste”. As immigrants with higher educational attainment faced relatively higher unemployment rates than their Canadian-born counterparts between 2006 and 2019, many of these newcomers could have resorted to obtaining jobs for which they were overqualified. A lack of improvement in job mismatching over this period could explain why the relative wages of new immigrants with university degrees were noticeably low, despite high employment rates.

VII. Summary and Conclusion

This final section summarizes the key findings in this report. It provides an overview of the changes in absolute and relative labour market outcomes between 2006 and 2019 by immigrant status and education level. In addition, it provides the changes in average labour market outcomes between the 2006-2010 period and 2015-2019 period. Finally, this section offers concluding remarks and suggestions for future research.

Table 6: Absolute Change in Labour Market Outcomes for New Immigrants, 2006-2019

Panel A: Values

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post-Secondary	Post-Secondary Certificate or Diploma	University Degree
		Percentage Points & Constant 2012 Dollars (\$)					
Very Recent Immigrants	Participation Rate	5.4	-0.9	4.3	12.7	4.6	3.5
	Employment Rate	6.8	-0.2	6.3	14.6	6.2	5.2
	Unemployment Rate	-3.0	-1.3	-4.0	-4.8	-2.6	-2.6
	Real Average Hourly Wages	3.07	2.32	2.82	0.45	2.08	2.86
Recent Immigrants	Participation Rate	4.7	0.8	2.4	2.6	2.9	1.5
	Employment Rate	6.0	3.8	2.6	3.3	4.2	2.3
	Unemployment Rate	-2.3	-7.0	-0.4	-1.6	-1.9	-1.1
	Real Average Hourly Wages	2.16	2.12	2.76	2.22	1.66	0.68

Panel B: Summary

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post-Secondary	Post-Secondary Certificate or Diploma	University Degree
Very Recent Immigrants	Participation Rate	+	-	+	+	+	+
	Employment Rate	+	-	+	+	+	+
	Unemployment Rate	+	+	+	+	+	+
	Real Average Hourly Wages	+	+	+	+	+	+
Recent Immigrants	Participation Rate	+	+	+	+	+	+
	Employment Rate	+	+	+	+	+	+
	Unemployment Rate	+	+	+	+	+	+
	Real Average Hourly Wages	+	+	+	+	+	+

Source: Based on Data Appendix Tables 5, 6, 7, 8

Note: "+" denotes an improvement, and "-" denotes a deterioration.

Table 6 shows the absolute change in labour market outcomes for new immigrants from 2006 to 2019. The aggregate employment rates of recent and very recent immigrants experienced the most improvement with an increase of 6.0 and 6.8 percentage points, respectively. Both groups also saw an increase in participation rates across education levels; the participation rate of very recent immigrants increased by 5.4 percentage points between 2006 and 2019, while the rate of recent immigrants increased by 4.7 percentage points. The unemployment rates of recent

and very recent immigrants decreased by 2.3 and 3.0 percentage points, respectively. Real wages also increased for both groups, though the wages for university-educated recent immigrants only increased by 68 cents from 2006 to 2019. Table 6 indicates that 46 out of 48 outcomes for new immigrants improved over the period. All 24 outcomes improved for recent immigrants, while 22 out of 24 outcomes improved for very recent immigrants.

Table 7: Change in Labour Market Outcomes for New Immigrants Relative to Outcomes of the Canadian-Born in Canada, 2006-2019

Panel A: Values

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post-Secondary	Post-Secondary Certificate or Diploma	University Degree
		Percentage Points					
Very Recent Immigrants	Participation Rate	11.7	10.1	19.1	24.5	12.0	10.2
	Employment Rate	13.7	9.9	22.9	28.7	13.9	12.1
	Unemployment Rate	-32.2	0.8	-89.2	-78.9	-38.4	-86.7
	Average Hourly Wages	1.9	4.4	8.8	-3.8	1.3	3.7
Recent Immigrants	Participation Rate	11.0	15.5	17.6	10.3	10.2	8.3
	Employment Rate	12.8	22.5	18.5	11.6	11.8	9.1
	Unemployment Rate	-26.1	-48.5	-31.1	-31.4	-30.3	-36.7
	Average Hourly Wages	-3.1	2.5	7.9	5.7	-1.2	-3.9

Panel B: Summary

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post-Secondary	Post-Secondary Certificate or Diploma	University Degree
Very Recent Immigrants	Participation Rate	+	+	+	+	+	+
	Employment Rate	+	+	+	+	+	+
	Unemployment Rate	+	-	+	+	+	+
	Average Hourly Wages	+	+	+	-	+	+
Recent Immigrants	Participation Rate	+	+	+	+	+	+
	Employment Rate	+	+	+	+	+	+
	Unemployment Rate	+	+	+	+	+	+
	Average Hourly Wages	-	+	+	+	-	-

Source: Based on Data Appendix Tables 5, 6, 7, 8

Table 7 shows that recent and very recent immigrants enjoyed an improvement in relative participation, unemployment, and employment rates for all education levels. The participation and employment rates of the immigrant groups relative to those of the Canadian-born increased for every education level, while relative unemployment rates decreased for most levels. The magnitudes of the changes in relative labour market outcomes for new immigrants were significantly large. The relative participation and employment rates of very recent immigrants increased by 11.7 and 13.7 percentage points, respectively, while the relative participation and

employment rates of recent immigrants grew by 11.0 and 12.8 percentage points, respectively. Most notably, the relative unemployment rates of recent and very recent immigrants decreased by 26.1 and 32.2 percentage points, respectively. These large improvements were consistent across education levels. Table 7 indicates that 43 out of 48 outcomes improved from 2006 to 2019.

The majority of outcomes that deteriorated over the period were relative wages. Although very recent immigrants experienced positive change in relative wages for most education levels, recent immigrants faced a decline from 2006 to 2019, which was largely driven by the deteriorating relative wages of highly educated workers. However, the 2015-2019 period saw positive change in the relative wages of recent immigrants across education levels, which suggests that relative earnings improved towards the end of the 2006-2019 period but remained below the level of relative wages for 2006.²⁵ Although relative earnings did improve during certain periods, the change in relative average hourly wages was much weaker compared to the improvements in other outcomes. Between 2006 and 2019, the relative wages of very recent immigrants increased by only 1.9 percentage points, while the relative wages of recent immigrants decreased by 3.1 percentage points.

Table 8: Average Labour Market Outcomes for New Immigrants, 2006-2010 and 2015-2019

Panel A: Change in Average Levels from 2006-2010 to 2015-2019

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post- Secondary	Post- Secondary Certificate or Diploma	University Degree
Percentage Points & Constant 2012 Dollars (\$)							
Very Recent Immigrants	Participation Rate	2.2	-5.0	-0.8	5.0	3.6	2.0
	Employment Rate	3.9	-4.5	1.6	7.7	6.0	3.6
	Unemployment Rate	-2.9	1.2	-3.8	-5.2	-3.6	-2.3
	Real Average Hourly Wages	1.66	1.46	1.49	0.43	0.98	1.45
Recent Immigrants	Participation Rate	2.5	-0.9	1.0	2.4	2.2	0.3
	Employment Rate	4.0	0.6	2.6	4.1	4.4	1.3
	Unemployment Rate	-2.4	-3.2	-2.5	-3.0	-3.0	-1.2
	Real Average Hourly Wages	0.84	1.40	1.44	0.68	0.92	-0.15

Panel B: Summary of Change in Average Levels between Periods 2006-2010 and 2015-2019

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post- Secondary	Post- Secondary Certificate or Diploma	University Degree
Very Recent Immigrants	Participation Rate	+	-	-	+	+	+
	Employment Rate	+	-	+	+	+	+

²⁵ Refer to Data Appendix Table 15 for the change in relative outcomes from 2006 to 2010 and from 2015-2019.

	Unemployment Rate	+	-	+	+	+	+
	Real Average Hourly Wages	+	+	+	+	+	+
Recent Immigrants	Participation Rate	+	-	+	+	+	+
	Employment Rate	+	+	+	+	+	+
	Unemployment Rate	+	+	+	+	+	+
	Real Average Hourly Wages	+	+	+	+	+	-

Source: Based on Data Appendix Tables 5, 6, 7, 8

Table 9: Average Labour Market Outcomes for New Immigrants Relative to Outcomes of the Canadian-Born in Canada, 2006-2010 and 2015-2019

Panel A: Change in Average Levels from 2006-2010 to 2015-2019

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post-Secondary	Post-Secondary Certificate or Diploma	University Degree
Percentage Points							
Very Recent Immigrants	Participation Rate	6.6	-2.3	8.3	12.7	9.7	6.4
	Employment Rate	9.0	-4.0	11.9	17.5	12.8	8.3
	Unemployment Rate	-32.3	17.9	-64.6	-79.6	-66.1	-90.5
	Average Hourly Wages	0.4	3.2	4.4	0.6	0.2	1.8
Recent Immigrants	Participation Rate	7.3	8.3	11.7	9.2	8.1	4.7
	Employment Rate	9.4	11.0	14.5	12.2	11.1	5.9
	Unemployment Rate	-27.6	-16.7	-41.4	-48.0	-54.4	-47.7
	Average Hourly Wages	-3.7	2.4	3.9	1.8	-0.5	-3.5

Panel B: Summary of Change in Average Levels between Periods 2006-2010 and 2015-2019

		Total, All Education Levels	No Degree, Certificate or Diploma	High School Graduate	High School Graduate, Some Post-Secondary	Post-Secondary Certificate or Diploma	University Degree
Very Recent Immigrants	Participation Rate	+	-	+	+	+	+
	Employment Rate	+	-	+	+	+	+
	Unemployment Rate	+	-	+	+	+	+
	Average Hourly Wages	+	+	+	+	+	+
Recent Immigrants	Participation Rate	+	+	+	+	+	+
	Employment Rate	+	+	+	+	+	+
	Unemployment Rate	+	+	+	+	+	+
	Average Hourly Wages	-	+	+	+	-	-

Source: Based on Data Appendix Tables 5, 6, 7, 8

Table 8 shows the change in average labour market outcomes for new immigrants from the 2006-2010 period to the 2015-2019 period.²⁶ Most outcomes improved. For very recent immigrants, deteriorated outcomes were concentrated at lower education levels; the participation,

²⁶ Refer to Data Appendix Table 16 for the average labour market outcomes for new immigrants from 2006 to 2010 and from 2015 to 2019.

employment, and unemployment rate deteriorated for workers with no, degree, certificate, or diploma, while the participation rate deteriorated for high school graduates. For recent immigrants, only two outcomes deteriorated: real wages for university graduates and the participation rate for workers without qualifications. Table 8 shows that new immigrants improved in 42 of 48 outcomes.

Table 9 summarizes the change in average labour market outcomes for new immigrants relative to those of the Canadian-born from the 2006-2010 period to the 2015-2019 period.²⁷ The relative labour outcomes of new immigrants generally improved between the two periods. However, it is important to consider that the unemployment rates of both immigrant groups remained much higher than the rate of the Canadian-born, and wages remained lower. Nevertheless, Table 9 shows that new immigrants experienced significant improvement in labour market performance, achieving improvement in 42 of 48 outcomes. For recent immigrants, all outcomes improved, apart from relative wages, which declined in the aggregate and for workers with post-secondary education. The results in Table 9 are similar to those in Table 6, signifying that the findings for the changes in immigrant labour market outcomes are robust.

Table 10: Summary of Outcomes

	Period	Very Recent Immigrants		Recent Immigrants		Total New Immigrants	
		+	-	+	-	+	-
Change in Absolute Outcomes	2006-2019	22	2	24	0	46	2
	(2006-2010) to (2015-2019)	20	4	22	2	42	6
Change in Relative Outcomes	2006-2019	22	2	21	3	43	5
	(2006-2010) to (2015-2019)	21	3	21	3	42	6

Note: "+" denotes an improved outcome, and "-" denotes a deteriorated outcome

Table 10 summarizes the number of improved and deteriorated outcomes for new immigrants from 2006 to 2019 and from the 2006-2010 period to the 2015-2019 period. Recent and very recent immigrants had 24 outcomes for each period. In terms of absolute outcomes, very recent immigrants had 22 improved and 2 deteriorated outcomes, while recent immigrants had 24 improved and no deteriorated outcomes from 2006 to 2019. In terms of relative outcomes, very recent immigrants had the same number of improved and deteriorated outcomes as the absolute. Recent immigrants, on the other hand, had 21 improved outcomes and 3 deteriorated. Both group had the same number of improved and deteriorated outcomes for the change in average relative outcomes from period 2006-2010 to 2015-2019: 21 improved and 3 deteriorated. Therefore, the majority of outcomes improved for both very recent and recent immigrants.

²⁷ Refer to Data Appendix Table 17 for the average labour market outcomes for new immigrants relative to outcomes of the Canadian-born from 2006 to 2010 and from 2015 to 2019.

In conclusion, LFS estimates indicate that very recent and recent immigrants delivered an improved labour market performance across education levels from 2006 to 2019. New immigrants were major assets to the Canadian labour force, due to their younger average age and higher average education than the Canadian-born. In absolute and relative terms, new immigrants enjoyed a significant increase in employment and participation rates. Although unemployment rates remained much higher than the rate of the Canadian-born, new immigrants benefited from a substantial decline in absolute and relative unemployment rates over the period. Most significantly, new immigrants experienced more improvement in participation, employment, and unemployment rates compared to Canadian-born workers. However, relative wages were the notable exception to new immigrants' improvement in the labour market. A substantial earnings gap between new immigrants and the Canadian-born persisted throughout the period, and relative wage growth was weak for recent immigrants, particularly for highly educated workers. While the labour performance of new immigrants generally improved between 2006 and 2019, researchers and policymakers should address the issue of high unemployment rates and low relative earnings to enhance the integration of immigrants into the labour market.

As this report does not control for variables other than education level, further research should examine whether the improved results for the labour performance of new immigrants would hold under more specific contexts. For example, studies could compare immigrant labour market outcomes in Canada across geographical areas (e.g. regions, provinces/territories), immigrant characteristics (e.g. gender, race, country of origin, immigrant categories including economic immigrants and refugees), and occupation (e.g. industry, high-skilled vs. low-skilled jobs). Furthermore, as previously discussed, more research is required to determine the reasons for new immigrants' improvement in the Canadian labour market. For example, studies could explore whether government supports for immigrants have improved and impacted the labour outcomes of new immigrants. Finally, future research should also focus on new immigrants' weaker outcomes in unemployment rates and earnings: why did highly educated new immigrants consistently have high unemployment rates and low relative wages between 2006 and 2019? More research should explore the potential factors behind these outcomes, such as discrimination and "brain waste". In particular, research on job mismatching using more recent data would help determine whether "brain waste" could explain new immigrants' relatively low wages despite high employment rates. Given the increasing significance of highly skilled immigrants in the Canadian labour market, further monitoring and research on the labour performance of new immigrants is imperative.

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