

LITERACY MATTERS:

*Helping Newcomers Unlock  
Their Potential*



**Bank Financial Group**

*Inevitably, any serious conversation about Canada's economic well-being leads to the topic of immigration.*



The reasoning is simple enough. Canada's population is aging and our birth rate is falling. If we want to preserve our quality of life, sustain our standard of living, we must remain a destination of choice for those who seek new opportunities in new lands. We rely on their diverse talents and ideas. We need their energy and ambition.

Making room for newcomers is one of Canada's strengths – indeed it's a point of pride and one of the ways our nation stands out in the world. Our major cities are global villages. About 250,000 people come to Canada every year. One-fifth of our total population was born beyond our borders, and increasingly from nations where English and French is not a native tongue.

But it's not enough to open our doors. We must also welcome people in. Help them succeed. In this regard, there are troubling trends in today's workforce.

Many newcomers are in positions that underutilize their skill sets. What's more, they represent larger swaths of the unemployed than Canadian-born individuals. It is costing our economy billions of dollars in lost opportunities. Not to mention the social outlays associated with these outcomes.

There are many contributing factors. This report focuses on one of the most fundamental: language and literacy skills. Deficiencies here represent some of the biggest barriers that individuals come across as they attempt to secure a job and or build a career. These barriers must be torn down.

The good news is this challenge has been recognized by policymakers at all levels of government. Indeed there has been no shortage of responses, and we are certainly hopeful they will have a positive impact. But, as the report's author and TD economist Craig Alexander rightly points out, we are unable to evaluate them at this point because additional investments are required to monitor the progress being made.

Furthermore, greater effort must be made to align Canadian literacy standards with international ones. This would help put our challenges and opportunities into a global context. In all of this, the simple message is you can't manage what you can't measure.

This is not a time for the private sector to shrink or shrug. Given our nation's reliance on immigration, this issue impacts productivity levels, and in turn, our competitive position in the global economy. Business must step up and make the necessary investments.

Our aim of this report is to draw attention to challenges at hand and encourage conversation with policymakers and stakeholders. It is the second installment of our literacy papers, and reflects TD's broader commitment to improve literacy outcomes in Canada, something we deeply believe is a passport to prosperity.

As always, policies come with price tags. Undoubtedly there are costs associated with the recommendations made in the following pages. But our focus is not on the costs, it's on our country, namely what kind of country we want to be. Our view is clear: Canada must be a nation that unlocks human potential; free of obstacles that limit aspiration, discourage success, and alienate us from others. For a growing number of Canadians, whose own success is inextricably linked to our nation's well being, literacy is the key.

**Frank McKenna**  
Deputy Chair,  
TD Bank Financial Group

# THE LANGUAGE AND LITERACY CHALLENGE OF NEWCOMERS

*Immigration is a key part of the Canadian economy. Indeed, Canada is the second most immigrant reliant country on the planet.*

Newcomers are a primary source of additional workers to the labour market, and their importance is steadily rising due to the slowing trend in domestic population growth. The good news is that strong immigration is viewed positively by the vast majority of Canadians. The value and contribution of foreign-born individuals is widely recognized, which has prevented some of the social friction created by robust immigration inflows in other countries. It is also a reflection of Canada's history as a country of tolerance that has an appreciation of diversity. And, while newcomers are fundamental to the economy, the rising share of foreign-born individuals in the population is helping to shape the fabric of Canadian society. One might argue that Canada's economic and social success will only be as great as the success of immigrants after their arrival in Canada.

It is particularly troubling that the economic well being of immigrants entering Canada has been deteriorating over the past 25 years<sup>1</sup>. A gap between earnings of newcomers and Canadian-born individuals on entering the labour market is widening. While immigrants in the past could hope to close that earnings gap with time, the ability to do so today is in question.

More newcomers are also ending up in positions that underutilize their skill sets and their unemployment is significantly higher than Canadian-born individuals. These trends mean that immigrants are more likely to experience a period of living in poverty. The outcome is simply unacceptable and reversing the trend is a national priority.

Enormous effort has been given to identifying why newcomers are having such difficulty. One of the dominant immigration trends over time has been a shift away from countries with a mother tongue of one of Canada's two official languages – English and French. This naturally raises the question of whether official-language literacy is an issue? The answer is 'yes'. It is by no means, however, the

only factor holding back newcomers. Poor recognition of foreign education or lack of appreciation for foreign work experience is also a key part of the explanation. Structural changes in the labour market have also impacted immigrants, such as lower earnings for new labour market entrants and poorer economic fortunes for workers with information technology skills. Nevertheless, this paper will argue that language and literacy skills are absolutely fundamental and might also contribute to some of the other challenges facing newcomers. For example, without an adequate mastery of English or French, foreign education and work experience will not be appropriately recognized and valued.

The main conclusion is that the declining economic fortunes of new immigrants are a clear and present danger for the Canadian economy and society. Heightened use of language skills training and enhancing the effectiveness of existing language programs that are currently available should be an explicit goal of government policy. In recent years, many new policy initiatives have been launched to achieve the goals mentioned above. So, a key issue will be assessing the extent to which the recent policies are successful. Businesses can also play an important role in championing literacy by providing or subsidizing language skill courses and encouraging employees to improve their English and French literacy. Ultimately, this is about unlocking the potential of newcomers to Canada and eliminating the underutilization of their human capital that is costing the economy billions each and every year.



<sup>1</sup> Picot, Garnet. 2008. "Immigrant Economic and Social Outcomes in Canada: Research and Data Development at Statistics Canada" Statistics Canada Analytical Studies Branch Research Paper Series No. 319: pg 5

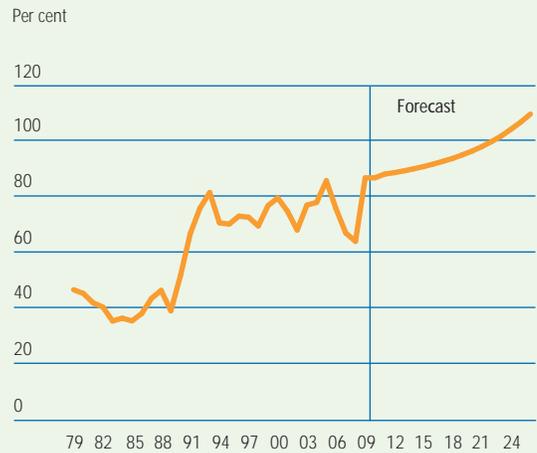
### Immigration: a fundamental part of the Canadian economy

To understand the urgency of addressing the challenges faced by newcomers, one needs an appreciation of the importance of immigration. The last Census by Statistics Canada provides remarkable details. In 2006, there were more than six million foreign-born individuals in Canada, representing almost one-fifth of the Canadian population. This ratio is the second highest in the world – second only to Australia. Newcomers came to Canada from more than 200 countries. Due to the aging of the domestic population and the past decline in domestic birth rates, immigrants have become the main driver behind population growth in Canada. Between the 2001 and 2006 Census, immigration was responsible for almost 70% of overall population growth.

Moreover a Statistics Canada study on the immigrant labour market in 2006 showed that foreign-born individuals are employed in virtually every sector in the economy and are found in a wide array of occupations. It also noted that immigration could account for virtually all growth in the net labour force (i.e. the pool of employed and unemployed) by 2011. TD Economics believes that by 2022 immigration will be responsible for all of Canada’s population growth. [EXHIBIT 1]

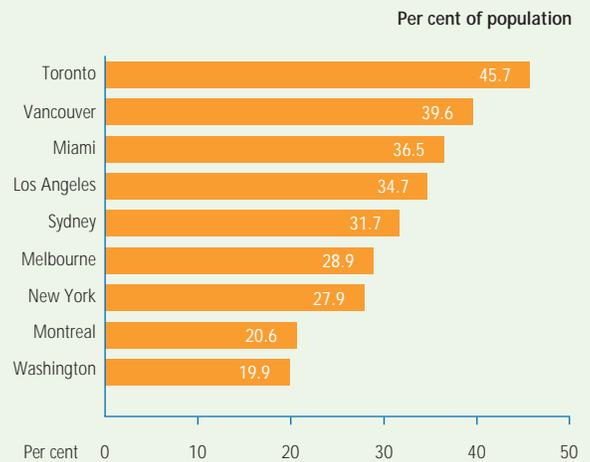
Newcomers are shaping the fabric of Canadian society, particularly in the urban centres. Almost all (94.9%) of foreign-born individuals in Canada live in a city, compared to 77.5% of Canadian-born individuals. And almost all newcomers (97.2%) between 2001 or 2006 chose to reside in an urban centre. Seven out of 10 new arrivals to Canada settled in Toronto, Montreal and Vancouver. To illustrate the impact on society, consider that 45.7% of the Toronto population, 39.6% of the Vancouver population and 20.6% of the Montreal population in 2006 was composed of foreign-born individuals. These are some of the highest ratios for urban centres in the world and they will continue to climb in the years to come. [EXHIBIT 2]

[1] Immigration share of Canadian population growth



Source: Statistics Canada

[2] Foreign-born as a per cent of metro population, 2006



\*Data from the U.S. is from 2005; Source: Statistics Canada, Australian Bureau of Statistics, U.S. Census Bureau

### Immigrants experience declining economic fortunes

The Census and labour market statistics underscore the importance of immigrants to the Canadian economy, but how are they faring shortly after their arrival? The answer is depressingly badly.

It was not always the case. If one examines entry-level earnings of newcomers compared to their Canadian-born counterparts in the second half of the 1970s, immigrants were at a modest disadvantage. Male immigrants in the country for less than 5 years earned roughly 85 cents for every dollar earned by a Canadian-born male, while female immigrants earned 77 cents<sup>2</sup>. The gap then diminished the longer that immigrants lived in Canada, with the differential for males diminishing to 92 cents and females to 88 cents over ten years time. Over two decades, the gap was effectively eliminated. [EXHIBIT 3a and 3b]



[3a] Earnings\* of male immigrants relative to Canadian-born citizens



\*Full-time, full-year workers aged 16-64;  
Source: Statistics Canada

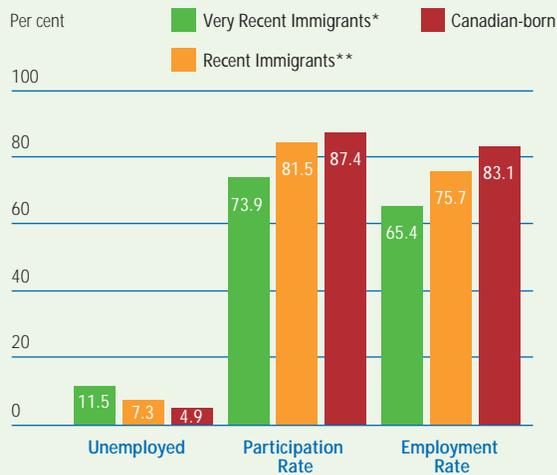
[3b] Earnings\* of female immigrants relative to Canadian-born citizens



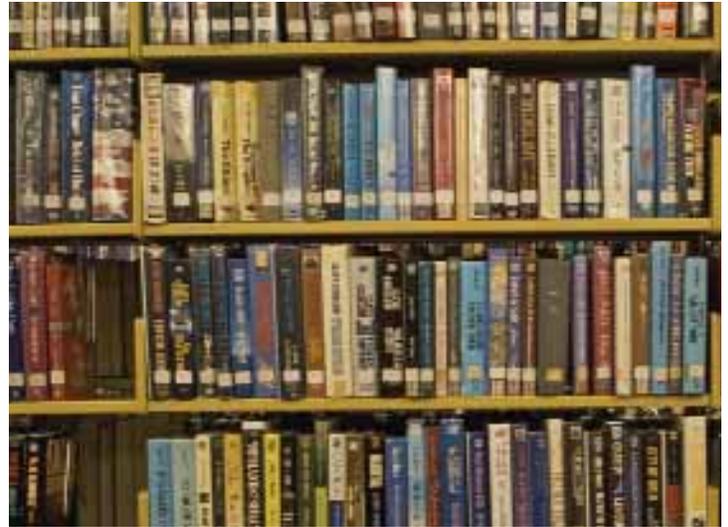
\*Full-time, full-year workers aged 16-64;  
Source: Statistics Canada

<sup>2</sup> Ibid. pg. 13

[4] Selected labour force statistics by immigrant type, 2006



Data are for those aged 25-54, \*Arrived in Canada for 5 years or less, \*\*5-10 years or less; Source: Statistics Canada



In the 1980s, the earnings gap for new arrivals widened dramatically. And, by the early 1990s, male newcomers were earning only 59 cents for every dollar earned by Canadian-born individuals, while female newcomers were earning 55 cents. While the gaps tend to diminish with time, the low starting point has meant that the differential would remain substantial even after many years living in Canada. There was modest improvement in the late 1990s, with the earning differential for both men and women narrowing to close to 66 cents – albeit this result is still completely unacceptable. What's more, the data suggests there has been a renewed deterioration in relative earnings in the early part of this decade.

As one might expect from this dismal trend, a greater portion of immigrant families became vulnerable to falling into poverty, which we will define as income below the low-income cutoff (LICO) used by Statistics Canada. One quarter (24.6%) of immigrant families had income below LICO in 1980, rising to 31.3% in 1990 and 35.8% in 2000<sup>3</sup>. This increase in incidence of poverty did not reflect general economic conditions, since the percentage of Canadian-born individuals dropping below LICO trended lower over the period. Thankfully, many newcomer families did not remain in poverty for long, as close to two-thirds experienced an increase in income to above

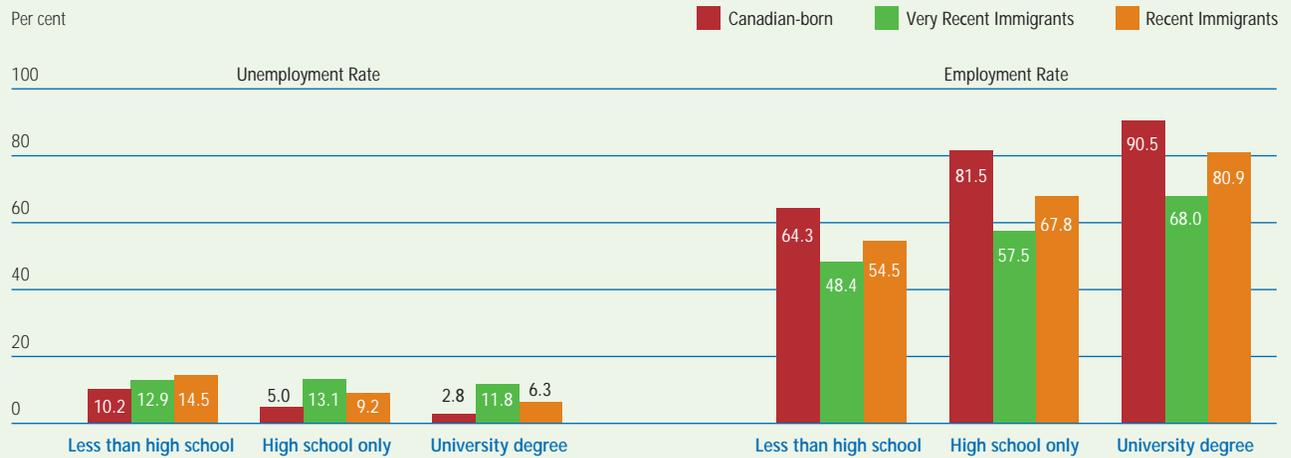
LICO within three years. However, this is of only modest solace, as more than one-third remained below the low income cutoff and about 20% of immigrants in the 1990s remained below LICO ten years after their arrival in Canada.

In terms of other labour market dimensions, immigrants who had come to Canada prior to 1996 had a similar labour market outcome to the Canadian-born population in terms of the rate of employment and unemployment. However there was a marked weaker performance in 2006 for recent immigrants that had arrived between 1996 and 2001. Immigrants had an employment rate of 75.7% compared to 83.1% for Canadian-born individuals, while the unemployment rate for recent immigrants was 7.3% vis-à-vis 4.9% for Canadian born individuals. The outcomes for very recent immigrants that arrived between 2001 and 2006 were even more discouraging, with an employment rate of 65.4% and unemployment rate 11.5%<sup>4</sup>. [EXHIBIT 4]

<sup>3</sup> Ibid. pg. 14

<sup>4</sup> Zietsma, Danielle. 2007. "The Canadian Immigrant Labour Market in 2006: First Results from Canada's Labour Market Survey" Statistics Canada Labour Statistics Division pg. 13

**[5] Labour force statistics by educational attainment by immigrant type\*, 2006**



\*'Very recent' refers to those who have been in Canada 5 years or less, 5-10 years for 'recent', ages 25-54; Source: Statistics Canada

Keep in mind that the deterioration in immigrant economic fortunes has been present for several decades. More troubling is the fact that it actually worsened in the current decade when the national unemployment rate fell to a three-decade low and demand for labour was perceived as creating labour shortages in some regions.

**[EXHIBIT 5]**

It is all the more of a puzzle when one considers the fact that the education characteristics of newcomers was improving considerably. Over half of immigrants between 2001 and 2006 had a university degree, which is more than twice the 20% share of the Canadian-born population. A shocking estimate in a 2006 research paper was that a quarter of recent immigrants with a university degree employed between 1991 and 2001 had a job that required no more than a high school diploma<sup>5</sup>. Moreover, the earnings gap between immigrants and Canadian-born individuals with post-secondary education is even greater than the earnings gap between those without post-secondary education. And, the problem is present even for newcomers that enter Canada under the skilled worker classification. As the accompanying chart shows, immigrants that enter Canada under the skilled worker classification have virtually the same probability of experiencing a period of poverty as immigrants that enter under the family reunification category. **[EXHIBIT 6]**

**[6] Probability of entering low-income status for immigrants\* to Canada**



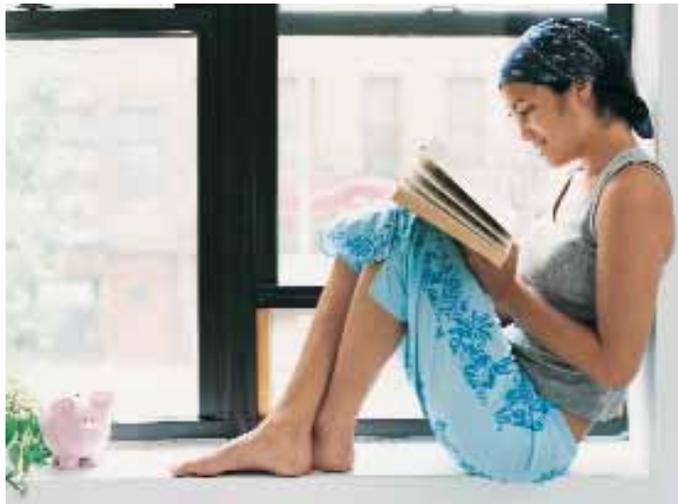
\*For immigrants aged 20-54 at entry into Canada. Source: Statistics Canada

<sup>5</sup> Reitz, J. G. 2006. "Recent Trends in the Integration of Immigrants in the Canadian Labour Market: A Multi-Disciplinary Synthesis of Research". Pg 23.

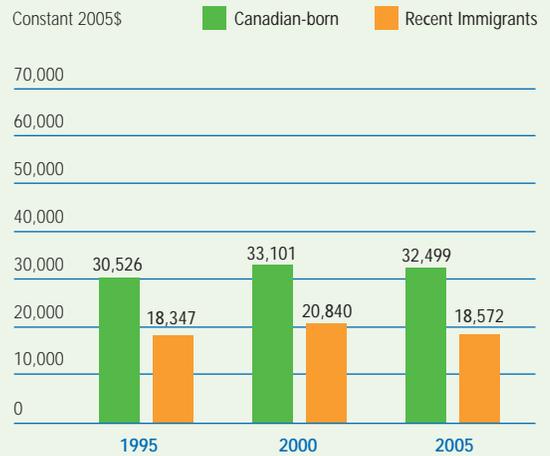
The clear conclusion is that the declining economic fortunes of immigrants shows a dramatic underutilization of human capital. An estimate was made in a 2001 report that the Canadian economy lost \$3.4 billion to \$5 billion a year due to the underemployment of immigrants<sup>6</sup>.

[EXHIBIT 7a and 7b]

The concentration of immigrants in selected urban centres also raises a question about economic and social integration. There is nothing wrong with cultural clusters, which are quite consistent with Canada's philosophy of multiculturalism. However, it is important to ensure that this trend is not reflecting self-imposed segregation. It is natural for newcomers to want to settle near others with a common background, but we need to ensure that the decision is not being taken because the individual cannot operate or be successful outside of the cultural cluster because of language skills or other factors.

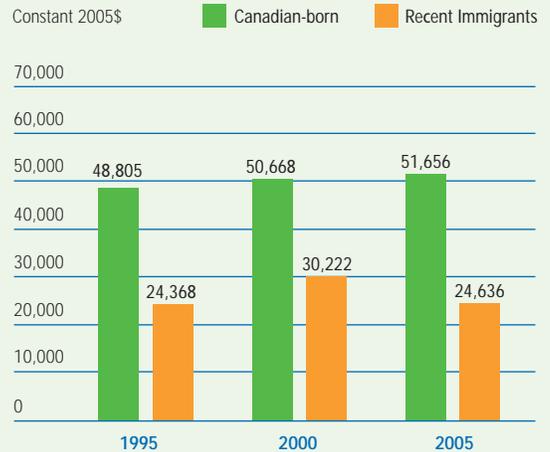


[7a] Real median earnings of Canadian-born and recent immigrant\* workers without a university degree



\*Recent immigrants are those who arrived in Canada within the 5 years leading up to the stated year, for those full-time, full-year workers aged 25-54; Source: Statistics Canada

[7b] Real median earnings of Canadian-born and recent immigrant\* workers with a university degree



\*Recent immigrants are those who arrived in Canada within the 5 years leading up to the stated year, for those full-time, full-year workers aged 25-54; Source: Statistics Canada

<sup>6</sup> Bloom, M. and M. Grant 2001. Brain Gain: The Economics Benefits of Recognizing Learning and Learning Credentials in Canada. Quoted by Weiner, Nan 2008. "Breaking Down Barriers to Labour Market Integration of Newcomers in Toronto" IRPP Choices 14(10) pg. 5.

### [8] Greatest difficulties new immigrants faced since arriving in Canada\*



\*Cited 4 years after arrival.  
Source: Longitudinal Survey of Immigrants to Canada, 2005

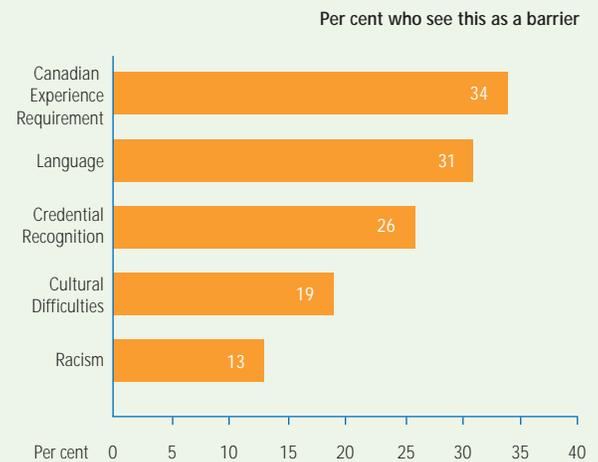
### Language proficiency and literacy is part of the problem

Why are newcomers having such difficulty integrating into the labour market? One of the key issues appears to be language proficiency in Canada's two official languages, English and French.

Statistics Canada conducted a survey of recent immigrants in 2005 and asked about their perspectives regarding their experience during the first four years in Canada. One of the questions related to the greatest difficulties faced over the first four years of arriving in Canada. The number one challenge was finding an adequate job, with 46.1% of respondents noting this issue. However, learning a new language was identified as the second biggest challenge, with 26.2% of respondents highlighting this factor. And, there is an obvious tangent between the ability to communicate and the odds of finding gainful employment<sup>7</sup>. [EXHIBIT 8]

Similarly, a survey by Toronto Region Immigrant Employment Council (TRIEC) in 2004 found that 31% of newcomers to the Greater Toronto Area within a timeframe of two to five years of arrival viewed language

### [9] Recent immigrants\* perceptions of barriers to entry into the workforce, Toronto 2003-06



\*In Canada within 2-5 years prior to survey;  
Source: Institute for Research on Public Policy

as a barrier – the second greatest challenge after requirements of Canadian work experience (34%) and greater than credential recognition (26%)<sup>8</sup>. [EXHIBIT 9]

There is also good reason to believe that language and literacy skills have become a greater obstacle over time due to changes in the regional origins of newcomers. The dominant trend has been an increase in the share of immigration from Asia and a decline in the share of immigrants arriving from Europe. Almost six in ten newcomers (58.3%) in 2006 were from Asia, up from a mere 12.1% in 1971. Only 16.1% of newcomers in 2006 were from Europe, down from a dominant 61.6% in 1971. Roughly 11% of newcomers in 2006 were from Central/South America and Caribbean, while a further 11% came from Africa.

### [EXHIBIT 10]

These regional shifts have meant that fewer newcomers are coming from nations where English or French is a native tongue. In 2006, 70.2% of the foreign-born population reported a first language other than English or French, up from 67.5% in 2001 and 62.8% in 1991<sup>9</sup>. In terms of newcomers between 2001 and 2006, 80% of the 1.1 million arrivals had a native tongue that wasn't English or French<sup>10</sup>. [EXHIBIT 11]

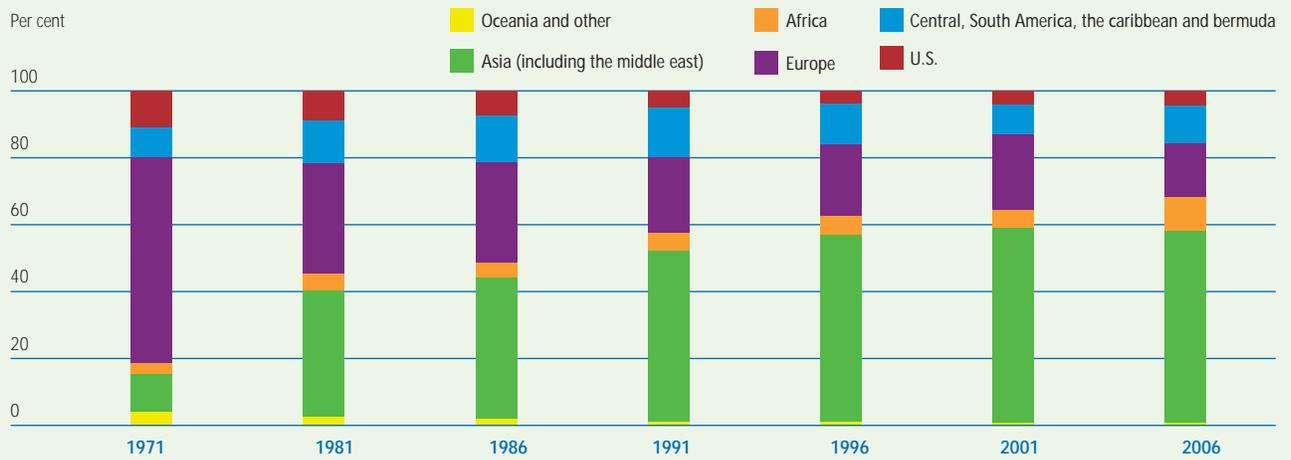
<sup>7</sup> Schellenberg, Grant and Helene Maheux. 2007. "Immigrants' Perspectives on their first four years in Canada: Highlights from three waves of the Longitudinal Survey of Immigrants to Canada" Canadian Social Trends Special edition 2007 pg. 7.

<sup>8</sup> Weiner, Nan. 2008. "Breaking Down Barriers to Labour Market Integration of Newcomers in Toronto" IRPP Choices Vol. 14 no. 10 pg. 7.

<sup>9</sup> Chui, Tina Kelly Tarnard and Helene Maheux. 2007. "Immigration in Canada: A Portrait of the Foreign-born Population, 2006 Census" Statistics Canada Social and Aboriginal Statistics Division pg. 11

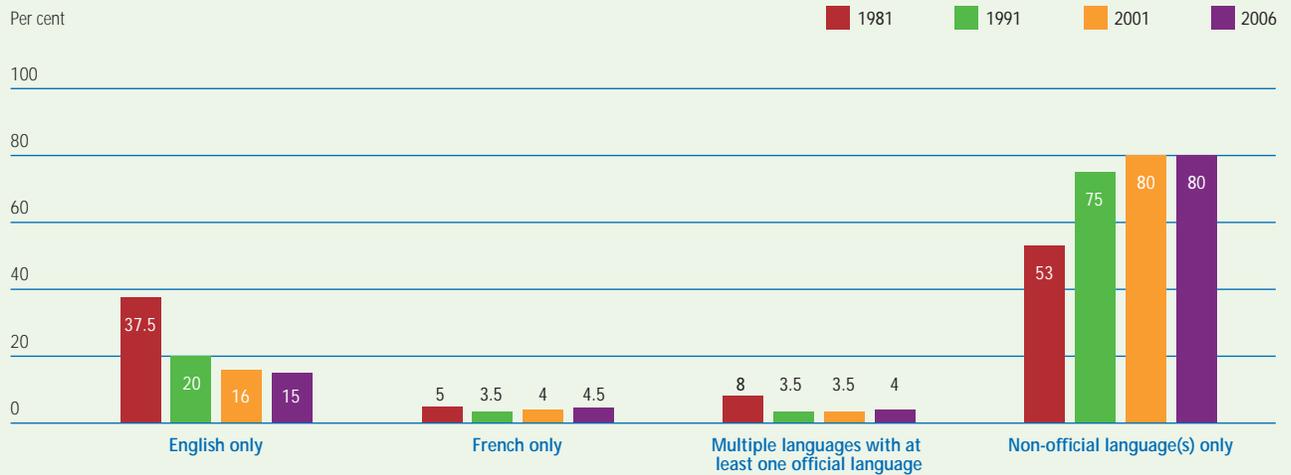
<sup>10</sup> Statistics Canada 2007. "The Evolving Linguistic Portrait, 2006 Census" Statistics Canada pg. 7.

[10] Region of birth of recent\* immigrants to Canada



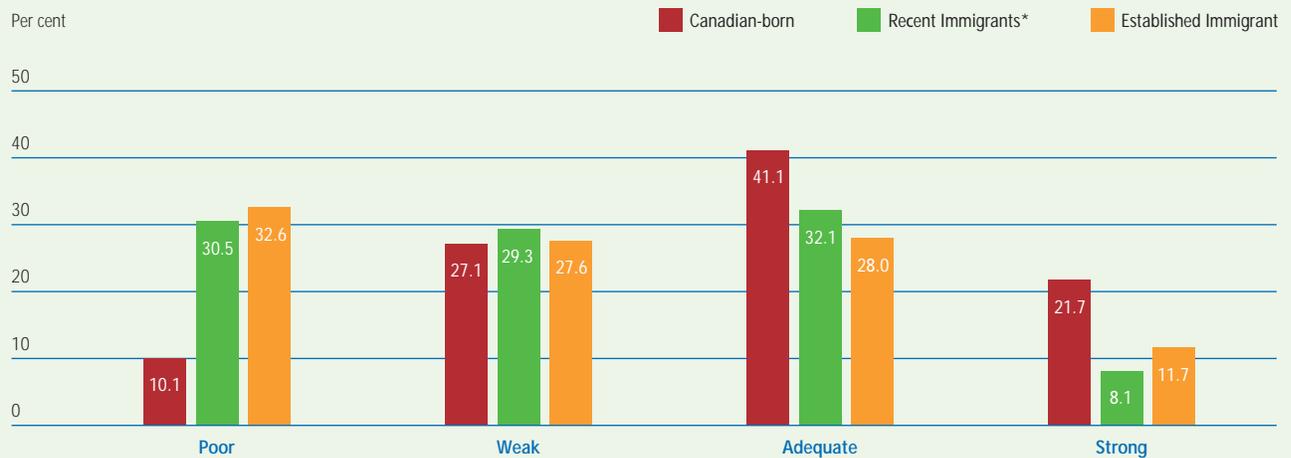
\*Those who landed in Canada 5 years prior to the census;  
Source: Statistics Canada

[11] Mother tongue of recent immigrants, 1981–2006



\*Those who landed in Canada 5 years prior to the census;  
Source: Statistics Canada

## [12] Prose literacy of immigrants &amp; native-born Canadians



\*Recent and established immigrants are those who have been in Canada less and more than 10 years;  
Source: Statistics Canada

To be fair, many individuals are fluent in multiple languages, so having a native tongue other than English or French is not a problem per se. The 2006 Census revealed that 98% of foreign-born Canadians reported that they could converse in English or French. 88.5% of newcomers with a mother tongue other than English or French knew at least one of the official languages. Only 9.3% of allophones (newcomers with native tongues other than English or French) said they could not converse in either English or French. However, the ability to converse does not imply language skills at a level required to succeed. Literacy in English and French is not a binary outcome of ability 'yes or no'. It is a spectrum of proficiency.

A key source of information on literacy performance for individuals ranging from 16 to 65 years of age is the International Adult Literacy and Skills Survey (IALSS). The 2003 survey ranked performance in five categories, where 1 was the lowest and 5 was the strongest.

Canada participated in this international survey and the results were for competency in English and French. The survey was designed such that level 1 represented only basic literacy in an official language. Level 2 represented a significant improvement, but still represented relatively weak literacy skills. The threshold for level 3 statistically correlated with better labour market outcomes and was deemed to be the desirable level of proficiency for success in a modern knowledge-based economy. Individuals at level 4 and 5 were highly literate in the official languages.

It should be stressed that the survey results said nothing about literacy in native tongues.

The results of the IALSS showed that official language proficiency is a major challenge for many newcomers, with 6-in-10 having less than the desired level of literacy. The details were also discouraging, as the split was almost even with 3-in-10 at level 1 and a similar ratio at level 2.

## [EXHIBIT 12]

The IALSS survey results showed that literacy is a major contributor to labour market outcomes in Canada. The employment rate for individuals with poor literacy (level 1) was only 57% and weak literacy (level 2) was 70%, compared to 76% for the desired level of literacy. For those that experience unemployment, the duration of unemployment is significantly shorter for those with better literacy scores. Higher literacy scores were also tended to correlate with work in higher skill occupations. Personal income for those with poor literacy was almost half of that for individuals with the desired level of literacy, while those with weak literacy was one-fifth less. [EXHIBIT 13, 14 15]

The main conclusion is that increased literacy skills lead to higher employment, lower and shorter unemployment, higher income and better jobs. Most importantly, a study by Ana Ferrer, David Green and Craig Riddell published in 2006 found that the return to higher literacy skills was equal for both foreign-born and Canadian-born individuals<sup>11</sup>. The implication was that raising immigrant literacy scores to the level of Canadian-born individuals might close as much as two-thirds of the earnings gap.

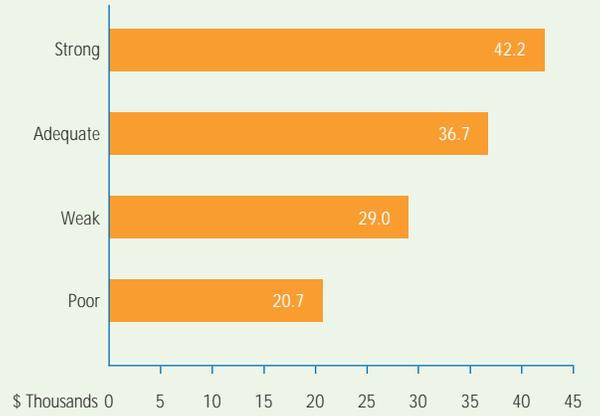
<sup>11</sup> Ferrer, Ana, David A. Green and W. Craig Riddell 2006. "The Effect of Literacy on Immigrant Earnings" *Journal of Human Resources* pg. 383

**[13] Canadian employment rates by literacy proficiency**



Source: Statistics Canada

**[14] Personal income by prose literacy proficiency**



Source: Statistics Canada

**[15] Prose literacy in selected occupations**



Source: Statistics Canada

### Literacy not the only problem, but literacy may influence other factors

This is not to say that suggest that literacy is the only reason newcomers have experienced deterioration in their economic conditions. There has also been debate as to how important the changing origins of newcomers have been. Research by Statistics Canada suggests, “perhaps one third of the decline in entry-level earnings is associated with these changing characteristics, particularly the source regions and home language.”<sup>12</sup> The other two-thirds of the decline is attributed to other factors, including:

- declining returns to foreign labour market experience
- weaker labour market outcome for new labour market entrants that would include immigrants
- strong competition for highly educated Canadian-born workers, weaker recognition of foreign credentials after 2000
- poorer economic circumstances for immigrants with information technology (IT) skills in the wake of the tech collapse at the start of this decade.

The academic findings may appear in conflict with each other. However, some middle ground can be found. The different assessments might reflect the difficulty in modeling the impact of language and literacy on the labour market outcomes. For example, weak communication skills might be hampering the recognition of foreign education and work experience. So, a precise estimate is unattainable, but the research does confirm that language and literacy is a major hurdle for newcomers and it might contribute between one-third to two-thirds of the earnings gap.

### Strong policy response in recognition of the challenges

The challenges surrounding literacy and immigration have not been lost policymakers and stakeholders. Just as one illustration, Statistics Canada produced a whopping 64 research articles on immigration issues between 2002 and 2008, with a focus on matters concerning integration success. A considerable amount of research has also been done by the academic community. The plight of newcomers has been acknowledged by government officials and policy makers. As a result, there has been considerable effort applied to reverse the tide and help newcomers to have a better experience through a variety of programs.

At the Federal level, Citizenship and Immigration Canada is mandated with supporting the settlement and integration of newcomers to Canada. In the area of language skills, the Federal government established the Language Instruction for Newcomers to Canada (LINC) program in 1992. LINC focuses on basic language skills in English or French. It is free and child care is available for participants. The LINC program is restricted to landed immigrants, convention refugees, or those whose application for permanent resident status is being processed. Canadian citizens, refugee claimants and temporary residents are not eligible, but a case could be made that the first two categories could benefit from greater language training. The LINC programs are provided through a variety of service provider organizations. Entrants are given a language assessment relative to the Canadian Language Benchmarks to identify their level of proficiency and then the entrants are linked to a training provider delivering a curriculum appropriate to their language proficiency.

One of the limitations of the LINC program was that its mandate was to provide only ‘basic’ language skills, up to Canadian Language Benchmark (CLB) level 5. The CLB are the national standard used in Canada for describing and assessing the official language proficiency of adult immigrants and prospective immigrants, with 8 levels of attainment and where levels 1 to 5 represent basic skills and levels 6 to 8 are higher level skills.

To address the limitations of LINC and the need of more advance literacy skills, the Federal government launched the Enhanced Language Training (ELT) initiative in 2003-04. There are two dimensions to ELT. First, there is the language training. Second, there is a bridge-to-work dimension, which is aimed at helping immigrants acquire and retain jobs at their commensurate experience and skill level. This involves mentoring, job placements, cultural orientation, and help in preparation for license exams and internships.

The ELT program is geared towards skilled workers in areas like nurses, health technologists, therapists, child-care workers, engineers, and tradespeople. The program is open to permanent residents, accepted refugees and individuals granted temporary resident permits. It includes some education in areas of workplace culture and job search. The delivery of the ELT programs is done primarily through community organizations and school boards.

<sup>12</sup> Picot, Garnet. 2008. “Immigrant Economic and Social Outcomes in Canada: Research and Data Development at Statistics Canada” Analytical Studies Branch Research Paper Series No. 319: pg 15

According to the Citizenship and Immigration Canada website there has been 253 ELT projects provided through 140 service providing organizations since the launch of the program in 2003-04. Nearly three quarters of the participants had a university degree – which is above average for newcomers.

Beyond the language programs, the Federal government also took other policy actions to help newcomers succeed in the economy. In recognition of the importance of language proficiency, the point system used to evaluate whether potential newcomers were eligible for entry under the skilled worker classification was changed in 2002 to put up to 25 points out of the available 100 on the ability to operate in English and/or French. Over time, this may improve the average official language proficiency of newcomers through this classification.

In 2008, the Federal government also made changes to the Immigration and Refugee Protection Act to permit Ministerial Instructions, which allows priority processing of selected skilled worker immigration applications. This fast-tracking of newcomers in certain occupations may improve the integration of newcomers into the economy, but it does not directly address the issue of language skills.

Provinces have a large number of language skills development programs. For example, English as a Second Language (ESL) programs are found in provinces outside of Quebec, while the latter has its own French language training programs. There are many different types of programs, which takes into account various factors like educational and cultural backgrounds of the participants and their starting proficiency in the official language.

Some of the programs are free, but in many cases there is a modest fee. These classes are provided through community agencies, local school boards, community colleges and universities. In addition to dedicated language skill programs, the provinces also run many immigrant employment assistance programs, which are often also linked to language skills development.

There are far too many provincial programs to list all of them. However, a couple of recent examples of new pilot projects in Ontario show how language training is being increasingly targeted at the labour market challenges of newcomers. In late 2007, 15 Ontario school boards embarked on the Specialized Language Training Project, which is aimed at workplace-focused language training for newcomers. Between June 2008 and June 2009, 14 colleges in Ontario provided Occupation-Specific Language Training (OSLT). The OSLT is targeted at individuals with more than

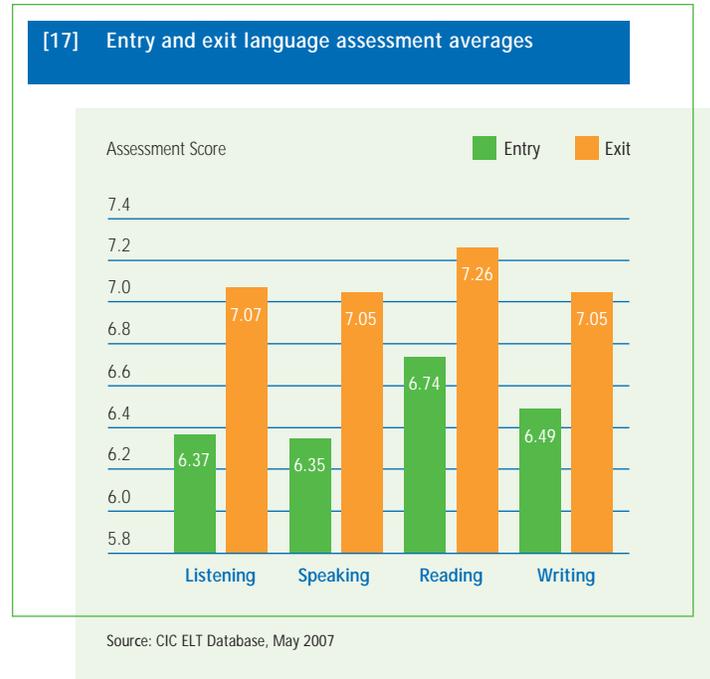
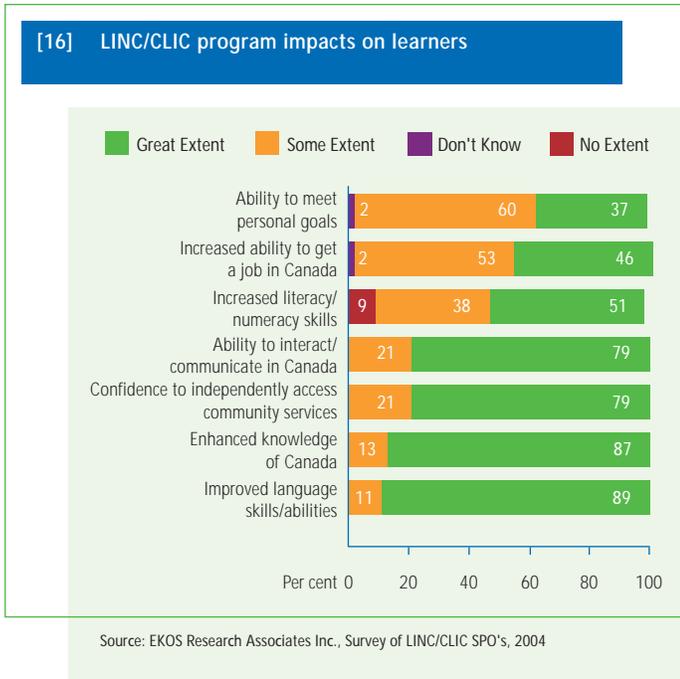
basic language skills (at the Canadian Language Benchmark levels of 6 to 8), but who would benefit from communication skill enhancement related to their jobs.

In addition to the direct language initiatives, many of the provinces have policies aimed at helping newcomers achieve better economic outcomes. For example, all of the provinces have a nominee program, where immigrants with pre-approved job offers at domestic firms can have their immigration process fast tracked. Since job offers were made, the presumption is that newcomers entering through the nominee programs should have adequate language skills for the positions that they have obtained. However, it does not ensure that the newcomers will have adequate language skills for other positions.

Finally, there is also a host of private sector or non-governmental programs available for language training. For example, community centres and colleges have ramped up their capacity to deliver English and French courses. There is also private ESL training available. The rising share of immigrants in the Canadian population means that the increase in supply of language training has been responding to the increasing demand from newcomers or past immigrants.

### Assessing the policy response

Given the considerable policy response, the question becomes whether the above mentioned actions will have the desired effect of improving immigrant literacy and the labour market outcomes of newcomers? The answer is that we hope so and we think so, but a true evaluation of the policy response is problematic for several reasons. First, many of the programs or policy initiatives are simply too new to make a reasonable assessment of their effectiveness. Second, many of the programs are geared to the Canadian Language Benchmarks (CLB), and surprisingly no one has developed a statistical correlation between the CLB levels and the IALSS benchmarks of the desired level of literacy. Third, there is inadequate information to make a quantitative assessment of the programs, even those that have been around for some time. It is worth elaborating on this third point.



In 2004, the government conducted an evaluation of the LINC program, but it was qualitative in nature and was conducted as interviews with 20 key informants<sup>13</sup>. There was also a telephone survey of 150 service providing organizations and 12 focus groups in a number of different cities. The main findings were that the program priorities and criteria were appropriate. It also concluded that LINC was reasonably effective and efficient.

**[EXHIBIT 16]**

However, there is real challenge on performance monitoring of LINC. The service providing organizations (SPOs) are required to provide data on the LINC participants in the Immigration Contribution Accountability Measurement System (iCAMS). The iCAMS data is suppose to be able to provide the data for monitoring and assessing Citizenship and Immigration Canada programs. An independent review of the iCAMS in 2006 found that “monitoring controls to ensure ongoing completeness and accuracy were not in place.” In a sample of 42 SPOs, 30% of organizations never accessed the system and 27% of organizations that did access the system had failed to do so within six months of the evaluation. It is not evident to what extent the limitations of iCAMS have been dealt with since 2006, but inquires for data on the LINC program suggested that

the available information today may still not be adequate.

The situation with the ELT program is similar. Between November 2006 and July 2007, a formative evaluation of the ELT initiative was conducted. The assessment was that the ELT has been a successful program that improved the performance of the participants in the targeted areas. Specifically, there was a statistical improvement in language skills in the areas of listening, speaking, reading and writing as measured by the CLB. **[EXHIBIT 17]** One key finding, however, was that the ELT database had significant limitations. In particular, information is not collected on all projects and participants, reflecting the fact that the delivery of the program differs by province and the information is not collected regionally in the same way. There are limitations and inconsistencies in the data on participants, and the quality of the data. The evaluation concluded that, “The information provided by the projects and/or provinces for inclusion in the ELT database is inadequate for a quantitative assessment of the initiative outcomes. At the same time, SPOs have indicated that the data collection requirements are onerous and some have concerns about providing personal information about participants to CIC”<sup>14</sup>.

<sup>13</sup> Citizenship and Immigration Canada. 2005. “Audit of Language Instruction for Newcomers to Canada (LINC) Contribution Program” Citizenship and Immigration Canada website.

<sup>14</sup> Citizenship and Immigration Canada. “Enhanced Language Training Initiative: Formative Evaluation” Citizenship and Immigration Canada website.

While one sympathizes with the SPO concerns about the burden of data collection, the fact is that it is impossible to do a true evaluation of program and policy effectiveness without accurate and relatively complete information. That means it is impossible to tell whether there are too much or too little resources. It is equally impossible to gauge whether the programs are having the desired impact.

### **Conclusions: More data and a call for business to champion literacy**

After a review of recent trends and developments, the main conclusion is that newcomers to Canada are facing significant literacy challenges in the two official languages and it is impairing their labour market outcomes. Weaker-than-desirable proficiency in English and French amongst newcomers is leading to higher unemployment, social isolation, lower earnings and is exposing many immigrants to living in poverty for some period of time after arriving in Canada. Clearly there is an enormous economic and social cost associated with underutilization of newcomer human capital.

It is in recognition of the difficulties facing newcomers, and their growing importance to the economy, that the various levels of government have introduced a host of programs to address the problem. This policy response is highly commendable. Newcomers must be encouraged to take advantage of the opportunities to improve their language skills. The available programs need to be heavily marketed to immigrants. In many cases, individuals may not be aware of the opportunities. Newcomers may also not appreciate how stronger literacy skills can open doors and unlock their potential. The fact is that most individuals with weak literacy skills – immigrants and Canadian-born individuals alike – do not recognize their level of proficiency and the impact that it is having on their lives.

There is a key role for business to play in helping newcomers. First, when staffing new positions, it is critical that interviewers try to look beyond weak English and French language proficiency when assessing foreign education and foreign work experience. It is important to remember that language skill development can occur just like work-specific skills over time. Second, employers can be an important catalyst to encouraging participation in language skills training. During their regular contact with newcomers, managers can help build awareness of the economic payoff from the use of the available literacy programs. Businesses are also encouraged to conduct in-house language training or subsidize the cost of attending language training if possible. Even little things might help, such as having a flexible workplace environment that permits workers to attend literacy programs during work hours might go a long way to increasing participation.

Finally, it is critical that greater effort is made to evaluate the existing language and literacy programs. This requires accurate and relatively complete data on participation. Data on language performance on entry and exit of the program are also essential. It would be highly useful if the various measures of language proficiency (such as the Canadian Language Benchmarks and the International Adult Literacy and Skills Survey levels) could be harmonized. All of this would require resources to accomplish. Accordingly, policy makers are encouraged to make investment in data collection and compilation of literacy program statistics a priority.

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