

TWO KEY AREAS OF IMMIGRATION REFORM CITED IN TD ECONOMICS REPORT

Improvements to selection and settlement process sets stage for long-term prosperity for Canada

TORONTO -- The growing gap in labour market outcomes between newcomers and native-born Canadians is one of the country's most pressing public policy challenges. The good news, according to a new report from TD Economics, is a radical overhaul of the immigration system is not required to achieve significant positive change.

"Canada appears to be further along than other advanced countries in dealing with the plight of immigrants," said Craig Alexander, TD's Chief Economist. "The system has adequate resources – an important conclusion in light of the fiscally-constrained environment."

Raising the employment rate of immigrant workers to the same level as non-immigrants would equate to approximately 370,000 additional people working. Moreover if newcomers' skills were rewarded on par with that of native-born Canadians, a potential increase personal income could top \$30 billion or 2 per cent of GDP.

"We would gain a major competitive advantage if this country were recognized around the world as one where all migrants are successful in being able to practice their own trade and raise their standard of living. As of yet, no major country has been able to stake this claim," said Mr. Alexander.

TD Economics cites two critical areas for reform:

Better coordination between federal and provincial selection processes

The various federal and provincial nominee programs are all seemingly designed to address short-term labour demand, creating significant overlap, while the longer-term challenges of the job market are left unaddressed.

The report concludes that the provinces and the private sector through their provincial nominee programs and the Temporary Foreign Worker program are better positioned to identify and respond quickly to their rapidly-shifting and varying short-term labour market needs. This would leave the federal government to shift the focus of its Federal Skilled Worker (FSW) program toward meeting the longer-term needs of the job market."

Moreover the current FSW program could be supplemented with two key components:

- The development of a labour market information system to identify current high-demand occupations needed in the long-term and emerging trends in labour demand.
- A systematic, transparent, and flexible method of changing the eligible occupations for the program.

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Additionally the federal government could consider creating a minimum threshold for language skills for principal applicants. Under the current points system, a total of 67 points are needed across six categories for eligibility. Language ability accounts for 24 of a maximum of 100 points. In theory, a prospective immigrant with absolutely no ability to speak either official language can still gain acceptance into the country.

Better coordination of settlement services

The rapid growth of these services due to the rising demands of immigrants has created a patchwork of organizations. Many of these services target specific local needs. Even taking this important aspect into account, there are significant opportunities to reduce overlap and boost efficiency through a more coordinated approach.

The federal government could consider a devolved funding arrangement in which the provinces are given a lump-sum of settlement funds. Having a better idea of what services best suit the needs of the immigrants present in their own jurisdictions, the provinces are better placed to fund particular organizations to optimize service delivery and outcomes.

Pre-arrival services have proven to be an invaluable asset in setting expectations and preparing immigrants for the challenges they will face in Canada. For instance the Canadian Immigrant Integration Program (CIIP) coaches individuals in four countries on what kind of documentation they need to bring, where to access services in Canada, facilitates overseas outreach for Canadian organizations involved in newcomer integration, and introduces Canadian social values and norms. Importantly, a realistic picture of the challenges they will face in the labour market is portrayed so that immigrants are aware of what is necessary to succeed.

This program warrants additional funding when resources are available. In addition to extending the program to more countries, it would be highly beneficial to extend these services once they arrive in Canada.

“Canada admits hundreds of thousands of highly-educated, highly-skilled immigrants each year to meet labour demand or to fill skills gaps. And yet, any reason for participating in skilled immigration is rendered null and void if those immigrants ultimately take lower paying jobs unrelated to their training because of the labour market barriers that they face,” said Mr. Alexander. “Solving the issues immigrants currently confront is thus integral to the long-term prosperity of Canada’s economy.”

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For more information:

Craig Alexander
SVP & Chief Economist
416-982-8064
Craig.Alexander@td.com