BUSINESS COUNCIL
OF ALBERTA

Delivering the Promise

A framework and action plan for a prosperity-driven immigration system for Canada

Prosperity-Driven
Immigration for Canada

May 2024

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About the Business Council of Alberta

The Business Council of Alberta is a non-partisan, non-profit organization dedicated to building a better Alberta within a more dynamic Canada. Composed of the chief executives and leading entrepreneurs of the province's largest enterprises, Council members are proud to represent the majority of Alberta's private sector investment, job creation, exports, and research and development. The Council is committed to working with leaders and stakeholders across Alberta and Canada in proposing bold and innovative public policy solutions and initiatives that will make life better for Albertans.

Land Acknowledgement

In the spirit of truth, reconciliation, and respect, we honour and acknowledge the lands upon which we live and work as guests, including the traditional territories of the First Nations in Treaties 6, 7, and 8 and the citizens of the Métis Nation of Alberta. We thank the First Peoples of this land, which we now call Alberta, for their generations of stewardship, and we seek to walk together in the spirit of truth and reconciliation to build a shared future for all in Alberta.

This document reflects the views of the Business Council of Alberta based on our own research and engagement with members and stakeholders. Alberta is a diverse place. In many cases, there are a range of views on an issue within the Council membership. This piece may not necessarily reflect the perspective of all BCA member companies and should not be read as the position of any one member.

Acknowledgements

We would like to acknowledge the incredible community of newcomer-serving agencies, researchers, economists, policymakers, business leaders, and newcomers who gave their time, ideas, information, and most importantly, their stories to help shape this vision and action plan. Thank you to our expert Executive Task Force for providing guidance and leadership to this project. And finally, we would like to acknowledge the project team for their months of hard work, dedication, and compassion to ensuring that Canada's immigration system works better for newcomers and for Canada.

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Introduction

Canada has long been a welcoming place for newcomers to live, work, and raise their families. And immigration has shaped what Canada is today. The immigration system attracted highly skilled people who helped grow the Canadian economy—and newcomers were able to integrate successfully into life in Canada.

But recently, cracks have emerged.

For instance, surging population growth, driven by higher numbers of non-permanent residents and permanent residents alike, has put pressure on Canada's ability to support that growth— from adding strain to pre-existing challenges in housing and health care to the need for more and better newcomer support services. Additionally, gaps in Canada's selection criteria and credential recognition have created a mismatch between talent and opportunity, setting both Canada and newcomers up for poorer outcomes.

What's worse is these cracks are appearing at the same time as the Canadian economy has stagnated. Recent economic growth has simply been the result of a surging population. We're not getting wealthier. There are just more of us around. Productivity—a fundamental building block of living standards—has been weak for decades and, more recently, has even turned negative.

That's a bad sign for Canada's future. **Future prosperity requires that the Canadian economy generate more value, not just because there are more of us, but because each one of us is better off.**

Immigration can help fix this problem. By selecting and attracting those with the greatest economic potential and supporting their success, Canada can build greater prosperity—for immigrants themselves, and for the country as a whole.

A renewed focus on prosperity is not only important, it's urgently needed. One-third of recent immigrants aren't sure they made the right choice in coming here, and many who immigrate to Canada leave within a few years. Meanwhile, less than one-third of Canadians believe that our current approach to immigration is effective. And over 70% believe we need to make urgent changes to our immigration system.

But not all is lost. Canada has an otherwise strong foundation upon which to build. In fact, it has long been an international leader in immigration and its system emulated by countries across the world.

What Canada needs is a clear vision and plan for economic growth through immigration. One that is *prosperity-driven*. It builds an economy that is not just bigger, but stronger. It drives measurable improvements to Canada's economic capacity and standard of living. Most importantly, it leaves newcomers, established Canadians, and businesses with more opportunity than before.

Delivering on that promise is what this paper is about.

What Does It Mean For Immigration To Be Prosperity-Driven?

Prosperity-driven immigration is not about how many newcomers are welcomed to Canada. It's about selecting those most likely to make a significant contribution to the Canadian economy. And it's about making sure all newcomers are put in a position to succeed.

How, then, do we measure success? How do we know immigration is driving prosperity? **While no measure is perfect, the best and simplest indicator is growth in per capita Gross Domestic Product (GDP).**

Per capita GDP measures the total value created by the Canadian economy on a per-person basis. While it's not without weaknesses, per capita GDP is strongly correlated with a host of positive social and economic outcomes, from higher average lifespans and improvements in happiness measures to rising incomes and lower levels of absolute poverty. Essentially, if per capita GDP is rising, that means Canada is not just building a bigger pie; it's giving everyone a bigger slice.

In short, prosperity-driven immigration is about selecting newcomers that help drive growth in per capita GDP and enabling them to succeed. That's the benchmark against which we think immigration should be measured.
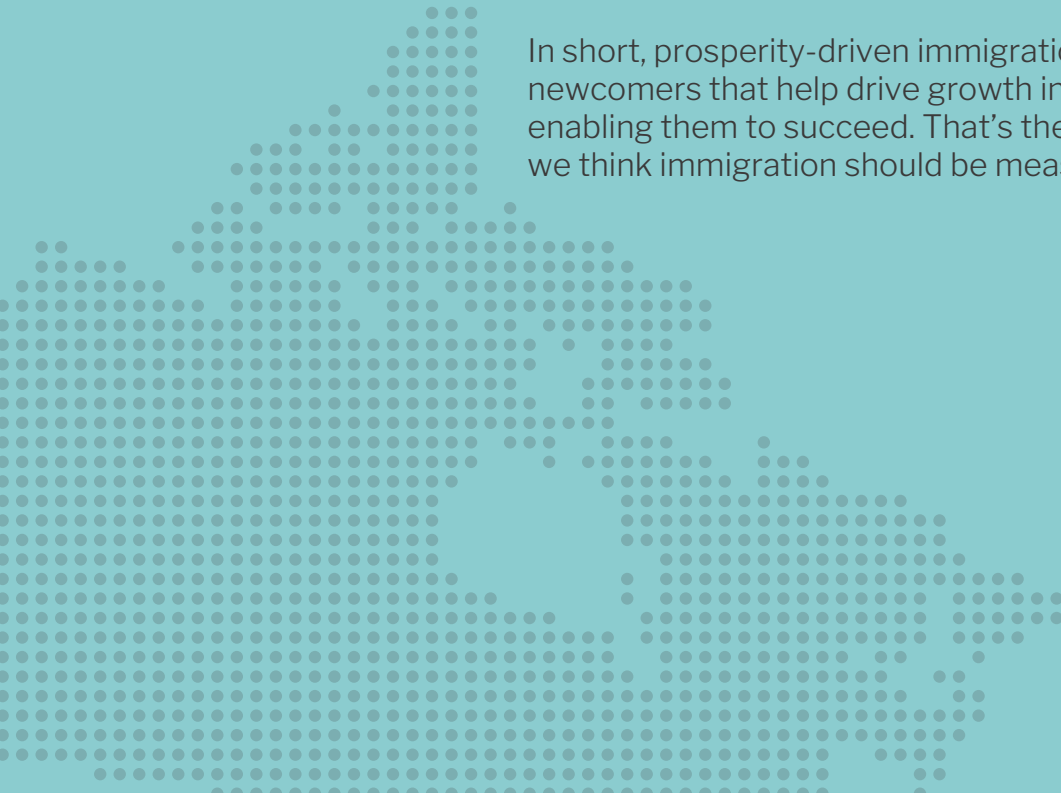
Research & Engagement

Our goal with this project was to identify ways that immigration can contribute to broad-based economic growth. In other words, we want immigration to build prosperity for all who live here.

As a result, our primary focus was on economic immigrants—those selected specifically for the skills they bring to Canada. We wanted to make sure that, as immigration numbers increase, Canada is bringing in the best possible economic immigrants—those that will make the biggest contribution to the economy.

That said, all immigrants, regardless of their path to permanent residency, contribute to the Canadian economy in important ways. As such, a secondary goal of our work was to explore opportunities to better support immigrants at large so that all may achieve their full potential.

Our work took place across two stages. Phase One was an intensive, year-long research process to build our understanding of the current immigration system and existing challenges. In this phase, we worked with a variety of stakeholders, including settlement organizations, researchers, economists, think tanks, various orders of government, and immigrants themselves.

A summary of this first phase and its findings can be found in *Our Journey to a Prosperity-Driven Immigration Strategy*.
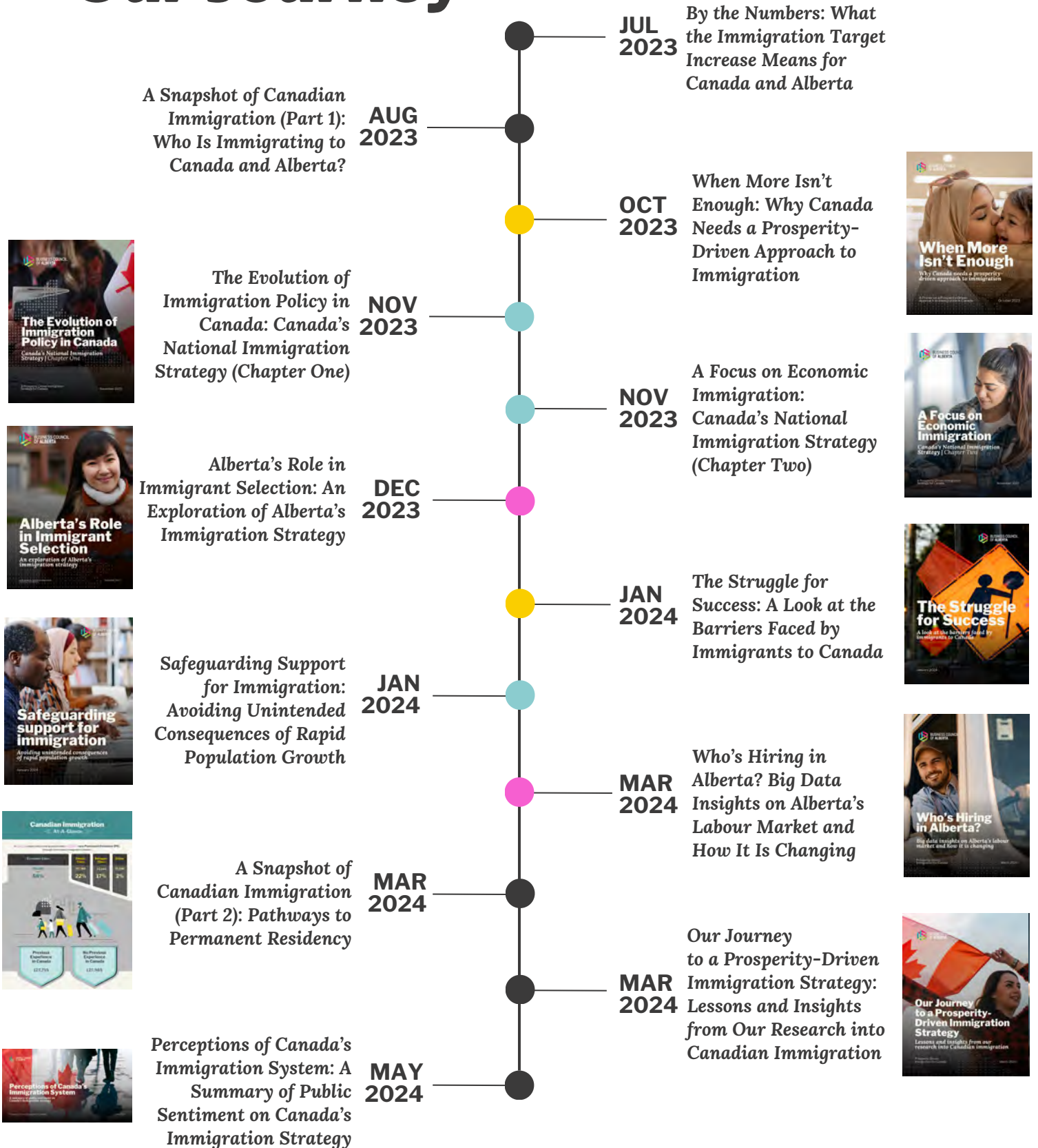
Phase Two brought together a Task Force of Business Council of Alberta (BCA) members— selected for their personal and relevant business experience—to explore policy solutions to the issues identified in Phase One. In this second phase, we developed a **Framework** for a Prosperity-Driven Approach to Immigration to guide future policy decisions and immigration strategy as well as an **Action Plan** to start the process of getting there.

The Action Plan contains our recommendations for how to make Canada a more attractive destination for the most desirable economic immigrants and how to improve the selection and recruitment of those immigrants. It also includes ideas for how to begin addressing some of the broader challenges facing immigrants today: simplifying, accelerating, and streamlining the application process; recognizing foreign qualifications and credentials so immigrants are able to work in their chosen field; and better connecting newcomers to the supports they need when they need them.

Both the Framework and the Action Plan are detailed below.

Ultimately, all of this work, and the research, hours, data, and stories that poured into its making, was done with one purpose in mind: to build a more prosperous economy through immigration for all who call Canada home.

Our Journey

JUL 2023 — By the Numbers: What the Immigration Target Increase Means for Canada and Alberta

A Snapshot of Canadian Immigration (Part 1): Who Is Immigrating to Canada and Alberta? — **AUG 2023**

OCT 2023 — When More Isn't Enough: Why Canada Needs a Prosperity-Driven Approach to Immigration

The Evolution of Immigration Policy in Canada: Canada's National Immigration Strategy (Chapter One) — **NOV 2023**

NOV 2023 — A Focus on Economic Immigration: Canada's National Immigration Strategy (Chapter Two)

Alberta's Role in Immigrant Selection: An Exploration of Alberta's Immigration Strategy — **DEC 2023**

JAN 2024 — The Struggle for Success: A Look at the Barriers Faced by Immigrants to Canada

Safeguarding Support for Immigration: Avoiding Unintended Consequences of Rapid Population Growth — **JAN 2024**

MAR 2024 — Who's Hiring in Alberta? Big Data Insights on Alberta's Labour Market and How It Is Changing

A Snapshot of Canadian Immigration (Part 2): Pathways to Permanent Residency — **MAR 2024**

MAR 2024 — Our Journey to a Prosperity-Driven Immigration Strategy: Lessons and Insights from Our Research into Canadian Immigration

Perceptions of Canada's Immigration System: A Summary of Public Sentiment on Canada's Immigration Strategy — **MAY 2024**

Setting the Stage: How Canada's Immigration System Works

Canada's immigration system is complicated. It can be tough to understand how all the pieces of the puzzle fit together. While this report assumes the reader is up-to-speed with our extensive background research and analysis, let's review some of the bare essentials.

Canada's immigration system is set to welcome approximately 500,000 new permanent residents by 2025 through three main immigration classes:

- The **economic class**, the largest class (~60%), includes individuals who have the skills, education, and work experience needed to contribute to Canada's economy;

- The **family class**, the second-largest class (~24%), allows existing citizens and PRs to sponsor close family members for immigration to Canada; and

- The **refugee class**, the third largest class (~15%), is for individuals fleeing persecution, war, or other human rights abuses and seeking protection in Canada.

Economic immigrants, the primary focus of our work, are selected through one of many federal or provincial programs. Each program comes with its own specific criteria that an applicant must meet. Applications within several of the larger federal programs for skilled workers, as well as for some of the provincial programs, are managed through a system called **Express Entry**. Introduced in 2015, it uses a points system called the **Comprehensive Ranking System (CRS)** to identify applicants with the best chance of achieving high long-term earnings in the Canadian labour market based on factors like age, education, language proficiency, and work experience.

However, the economic class is a broader category than first meets the eye. Economic immigrants often bring their partners and dependents to Canada when they arrive, and all are counted as economic immigrants. When family members are excluded, only about half of economic immigrants—or 30% of the entire immigrant pool—are selected primarily for their economic potential. These individuals are called **principal applicants**.
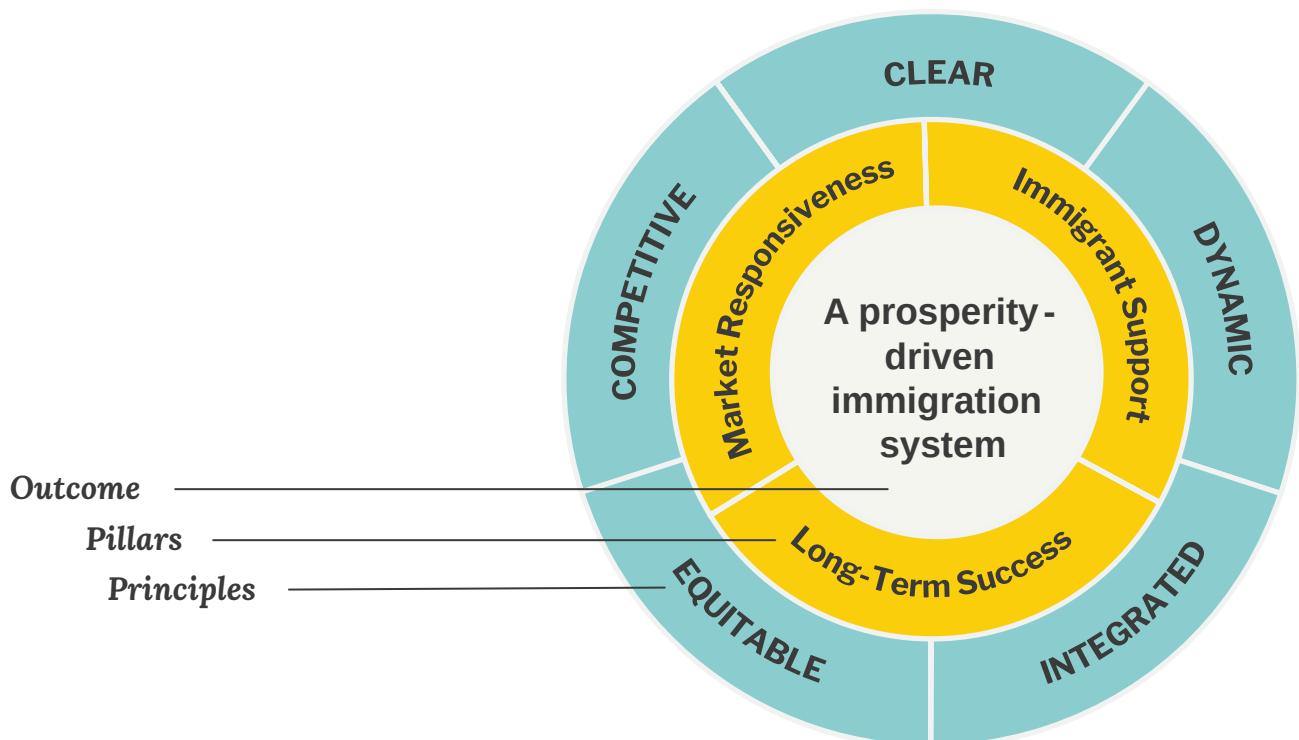
A Framework for a Prosperity-Driven Approach to Immigration

Done well, immigration is good for newcomers, businesses, and current residents alike. It builds a skilled workforce to support Canada's future growth, and it adds cultural richness to the fabric of the nation. Done poorly, however, it leads to worse outcomes for newcomers and Canada, and risks eroding previously high levels of public support for immigration.

A prosperity-driven approach to immigration is one that ensures that newcomers and established Canadians alike benefit. In other words, it raises everyone's living standards by generating measurable improvements in per capita GDP.

With this in mind, the Task Force has defined three fundamental pillars of a prosperity-driven approach and offers a vision for the future. This framework is meant to guide decisions, shape policy and strategy, and ensure the Canadian economy does not simply grow bigger through immigration—but grows more prosperous as well.

Outcome
Pillars
Principles

CLEAR
DYNAMIC
INTEGRATED
EQUITABLE
COMPETITIVE

Market Responsiveness
Immigrant Support
Long-Term Success

A prosperity-driven immigration system

Key Pillars

A prosperity-driven approach to immigration is underpinned by three key pillars that, together, drive economic growth and individual opportunity. As such, all decisions related to immigration policy and strategy should be guided by:

Market Responsiveness

Businesses can easily find individuals with the skills and experience they value to support productivity-driven economic growth.

Selection of economic immigrants must support economic growth and respond to business needs. It should prioritize those who have the most highly-valued skills and recognized experience today but cast an eye to the horizon as well—ensuring that Canadian businesses are also in a position to capitalize on future growth opportunities. As well, strategies for economic immigrant selection should be responsive to labour market information and feedback from employers about emerging needs, ensuring that those who bring the greatest value to the Canadian economy are prioritized now and for decades to come.

Immigrant Support

Immigrants can easily, quickly, and fully participate in society and the economy.

Newcomers must be set up for success so that they can achieve their full potential. From the outset, they should be connected with Canadian businesses and support systems, including regulatory bodies who can pave the way to foreign credential recognition, so they can both participate economically and feel valued as a member of the community. Likewise, settlement support must be available to newcomers when and as they need it. This is especially essential in the case of language proficiency, without which everything becomes more challenging. Beyond this, newcomers should be confident that their skills and experiences are highly valued, and that bias does not impede entry into or success in the labour market.

Long-Term Success

Canadians see immigration as beneficial to their own prosperity and the prosperity of Canada at large.

All Canadians must see the value in immigration. This is critical to ensure that public support for immigration is maintained and that Canada is a magnet for prospective newcomers. Of note, this plan must proactively work to avoid any pitfalls of population growth that could undermine public sentiment and these benefits.

A Vision for Prosperity-Driven Immigration

Guided by these three pillars, Task Force members developed a vision for what prosperity-driven immigration should look like. This vision represents a significant shift versus the current strategy and state of immigration and will require hard work and dedication. But it is the vision we believe Canada must strive towards. It includes the following elements:

CLARITY

The process of immigration is transparent, simple, and reliable. Applying for permanent residency is simple and streamlined. Immigrants know where they are in the application process and can easily get support if and as needed. Furthermore, they are able to hit the ground running upon landing, because they know what settlement services are available to them; what employment opportunities exist; and whether credentials will be recognized and, if not, what the path to recognition is.

DYNAMISM

The system swiftly adapts to new and evolving needs of newcomers, businesses, and regions. This agility is seen across all aspects of immigration: from an administrative system that is nimble in the face of large swings in intake, to a selection process that adapts to labour market needs, to settlement services that swiftly respond to new demand. Furthermore, the system is informed by data, including labour market information and immigrant outcomes. New data, technology, and AI are utilized to further enhance the system's ability to quickly respond to new needs.

INTEGRATION

Decisions related to immigration are coordinated with, and align across, relevant ministries, levels of government, and the non-profit and private sectors. Decisions regarding immigration (levels, composition, strategy) are informed by the key stakeholders that shape immigrant success in Canada. More than this, immigration is viewed as one piece of a bigger, integrated plan for economic and productivity growth. As such, these groups actively work together to assure the success of immigration for newcomers themselves and for the greater prosperity of Canadians.

EQUITY

Targeted support ensures the benefits of immigration are wholly and broadly shared, demographically and geographically. Targeted support ensures that everyone benefits from a strong system of immigration, rather than the benefits concentrating among certain groups or regions. To this end, additional resources are dedicated to supporting immigrants who may have greater need (e.g., refugees, dependents of economic immigrants); rural and remote areas and those areas currently home to a limited number of newcomers or diversity; and businesses with limited resources.

COMPETITIVENESS

Its world-class system underpins Canada as the top destination for prospective immigrants. Canada is the place where individuals with the most highly-valued skills want to come and choose to stay. Canada does not rest on its laurels but continuously refines its approach to be better and compete globally. It is at the cutting edge of prosperity-driven immigration policy, processes, and strategy. Other countries look to Canada as the standard against which to measure their own success. As such, Canada is seen as the place of opportunity and prosperity.

An Action Plan to Get Started

We've done the research and consulted with the experts. We've built a framework that paints the vision for an immigration strategy driven not by numbers, but by prosperity.

Now, it's time to act.

In this Action Plan, we dig into two major themes integral to a prosperity-driven approach to immigration:

- **Selecting and attracting the best candidates for economic immigration;**
- **and Improving the immigration experience and newcomer outcomes.**

Within each of these broad themes, we outline three areas where we see the biggest opportunity for improvement. And we detail important ideas and steps to ignite progress.

Because most policy levers are at the federal level, most recommendations fall upon ministries and departments within the federal government. However, there is an increasing, and important, role for other levels of government to play in ensuring the success of immigration for decades to come. As such, we note some opportunities that exist provincially but recognize that there are many others that go beyond the scope of this report and thus represent an important area for future research.

The Action Plan that follows is not a comprehensive inventory of all existing issues, nor a plan to do all that needs to be done. Instead, it is meant to highlight some key areas where we need to make immediate headway to support economic growth. Or risk falling behind.

Action Plan At a Glance

ATTRACT

Make Canada a Desirable Destination

SELECT

Optimize Selection
+
Target Recruitment

SUPPORT

Improve Process
+
Recognize Credentials
+
Enhance Support Services

—

FUTURE PROSPERITY REQUIRES THAT THE CANADIAN ECONOMY GENERATE MORE VALUE

not just because there are more of us, but because each one of us is better off.

Theme 1
Selecting and attracting the best candidates for economic immigration

Introduction

At its core, a prosperity-driven plan for immigration must attract, select, and retain those with the greatest potential to make a significant contribution to the Canadian labour market and economy. Simply accepting more economic immigrants from within a given pool implies a trade-off of quality for quantity. But it doesn't have to. Not if Canada improves how economic immigrants are selected and grows the pool of highly qualified applicants.

To this end, Canada should focus on three areas to build greater prosperity through economic immigration:

- **Canada must be the destination of choice for skilled immigrants.**
- **The selection of economic immigrants must continuously improve to prioritize those with the greatest economic potential.**
- **Canada should recruit those with the skills most highly valued by the Canadian labour market.**

We examine each of these, and offer recommendations for action, below.

Research shows that the most important factor in attracting (and retaining) prospective immigrants is a high and increasing standard of living. In other words, it is a virtuous cycle whereby a high standard of living attracts the strongest immigrants, which in turn supports more economic growth.

Canada must be the destination of choice for skilled immigrants.

To maximize the potential of economic immigration, Canada can't just settle for being a place to which immigrants might want to come. It needs to be their *first* choice. Enhancing Canada's reputation will deepen the pool of available candidates which, in turn, will support economic growth that benefits everyone.

Current State & Challenges

Canada is fortunate to be seen as an attractive destination for immigrants. But it would be a mistake to take for granted that the best candidates will always want to come here.

The global competition for skilled labour is heating up. The world's working-age population is growing more slowly, and many rich countries are looking to increase immigration to combat declining birth rates and an aging population. In fact, the world's foreign-born population is growing faster than ever before as people move to find greater opportunity. As competition for skilled immigrants mounts, Canada's challenge will become bigger than just growing the pool of strong applicants. It will need to worry about preventing its decline.

Research shows that the most important factor in attracting (and retaining) prospective immigrants is a high and increasing standard of living. In other words, it is a virtuous cycle whereby a high standard of living attracts the strongest immigrants, which in turn supports more economic growth.

The problem is, Canada's standard of living has stagnated. On a per capita basis, economic growth has been poor for years. Canadians are no better off today than they were six years ago. And longer-term projections are not encouraging: the Organisation for Economic Co-operation and Development (OECD) expects Canada to rank last in per capita growth through 2060.

The country's stagnant economy is creating a growing divide between Canada and other potential immigration destinations. That divide is especially stark versus the US where higher average incomes have, for years, helped to attract those immigrants with the greatest economic potential. In the US, that has translated into increased patent activity, job creation, and contributions to science and technology—benefits not seen to the same extent elsewhere. Not only

that, but as economic conditions in traditional immigrant "source" countries—notably, India— improve, Canada's opportunity advantage relative to those countries is fading.

Other quality-of-life considerations also affect Canada's attractiveness to newcomers, including first-rate public services like education and health care, and affordable housing. But these too are deteriorating. More than 20% of Canadians say they do not have access to a family doctor or nurse practitioner; home prices have soared by nearly 75% since 2015 (most notably driven by Toronto and Vancouver); and K-12 schools are experiencing an enrollment spike. More broadly, investment in Canada's capital stock (i.e., tools, machines, housing, infrastructure, etc.) has failed to keep pace with population growth.

A contributing challenge has been a huge, and unexpected, increase in non-permanent residents in recent years. Though government targets for immigration have historically focused on permanent residents (PRs), non-permanent residents (NPRs) also contribute to population growth and have fueled greater need for housing and services.

The combination of a stagnant economy, and an underinvestment in capital and public services relative to population growth, is eroding Canadians' living standards and quality of life. And it will also erode the pool of prospective immigrants who want to come to Canada.
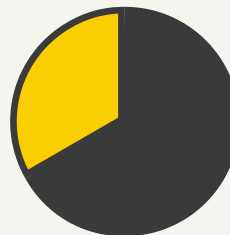
In the past 10 years, one-third of immigrants to Canada are unsure of their decision.

Cracking the Newcomer Code: Fostering Successful Integration of Newcomers in Canada, Leger, March 2024

Survey data suggest there is legitimate cause for concern. In a recent survey of immigrants who arrived in Canada **in the last 10 years, only 67% reported that they would choose to immigrate to Canada if they had to make the decision over again.** Also concerning is that, according to data from Statistics Canada, those who are most likely to leave are individuals who bring the greatest value to the Canadian economy: entrepreneurs and investors, those who are highly educated, and economic immigrants more broadly.

What's more is that longstanding public support for immigration is at risk. Recent polling shows that a lack of available housing and infrastructure and access to quality health care are affecting Canadians' views on immigration. If higher levels of immigration do not create material economic benefits for all Canadians, support will only erode further.

To its credit, the federal government is in the early stages of working to ensure that Canada is a desirable place to live, largely by better planning for population growth and enhancing Canada's "absorptive capacity" or ability to respond to that growth. This includes recent action to cap the number of international students coming to Canada; tighten conditions to bring in temporary foreign workers (TFWs); incorporate NPR targets in its immigration levels planning; and incentivize provincial and municipal policy changes that can increase housing supply. More, however, must be done.

The Road Ahead

For Canada to get the biggest economic benefit from immigration, it must take a hard look at its underlying economic weaknesses, and at issues like housing costs and health care, independent of immigration policy. Addressing those, and re-invigorating the Canadian economy more broadly, will help Canada become a magnet for the world's top talent and the skilled workers most needed.

To do so, Canada needs a renewed focus on (1) economic growth, productivity, and competitiveness—both independent of and related to immigration; and (2) solving the longstanding and pre-existing challenges plaguing the housing market and health care capacity. As mentioned in the federal government's latest strategic immigration review—*An Immigration System for Canada's Future: A plan to get us there*—a renewed focus on economic growth and solving absorptive capacity challenges will require much more policy alignment on areas across provincial and federal responsibility.

It will also require a much better understanding of, and planning for, the number of NPRs coming into Canada. Minimizing large and unexpected growth like Canada has recently seen will help to ensure this is a desirable place for all who live here.

It should be noted that, while critical to the success of Canada's immigration system, a comprehensive strategy for boosting productivity, competitiveness and economic growth is far beyond the scope of this paper.

Less than

50%

of Canadians today believe immigration is good for Canada

Perceptions of Canada's Immigration System, Business Council of Alberta, May 2024

The Action Plan

Priority	Recommendations

Priority

Supporting overall economic growth and quality of life improvements

Recommendations

- As promised in Budget 2022, establish a permanent Council of Economic Advisors to provide independent advice to government on long-term economic growth. In the 2022 Budget, the government said it would "announce further details on the makeup of the Council in the coming months" but no further update was ever made. Given the urgency of addressing Canadians' stagnating living standards, this Council should be up and running by the end of the year with implementable recommendations by 2025. One component of the Council's work should be to consider how immigration strategy can help to support per capita growth, as outlined in this report.

- Focus on productivity-driven rather than population-driven economic growth through a renewed emphasis on business competitiveness and the policies that support Canada's ability to attract capital, commercialize new ideas, and scale business operations to compete globally. To this end, the federal government should report on per capita GDP in all its annual and mid-year budget documents to reinforce the goal of building a stronger, not just bigger, economy. It should likewise include per capita GDP expectations in its economic outlook scenarios to provide greater transparency about the country's current economic trajectory and what course of action may be needed.

- In its Annual Report to Parliament on Immigration, the federal government should report on "Metrics of Attractiveness" that assess Canada's quality of life and economic performance and reflect its attractiveness to newcomers, especially to entrepreneurs and investors and skilled immigrants who have many options for where to immigrate. Metrics should include per capita GDP, labour productivity, average hourly wages, and the OECD's Indicators of Talent Attractiveness.

Building Canada's absorptive capacity through direct immigration policy

- Through a multilateral vehicle such as the Forum of Ministers Responsible for Immigration, the federal and provincial governments should develop and sign a binding partnership agreement that commits all governments to work together to address issues related to immigration-driven population growth such as housing supply, public school capacity and needs, and access to health care.

- Since immigration creates the need for more construction and healthcare workers, the federal and provincial governments should:
    - Ensure that the selection process appropriately reflects the economic value of health care and construction-related occupations (as detailed in the next section);
    - Ensure that, if and as international student study permits are limited, permits are prioritized for those looking to learn and train in fields that support Canada's absorptive capacity.
    - Work collaboratively with post-secondary institutions to ensure post-graduate work permits do not inhibit international students' ability to pursue occupations in the skilled trades. Specifically, permits must recognize provincial and institutional differences in journeyperson training, especially for journeyperson education models that frontload in-class learning requirements through certificate and diploma programs.

The Action Plan

Priority

Recommendations

Building Canada's absorptive capacity through direct immigration policy

- Immigration, Refugees and Citizenship Canada (IRCC) has proposed a whole-of-government approach to immigration levels planning and recently promised to include both permanent and temporary residents in its immigration targets. Building off of this, the federal government needs to include better accounting by Statistics Canada concerning whether expired temporary visa holders who do not renew their permits remain in the country post-visa expiration.

- As part of the federal government's recently announced temporary resident target, more should be done to create medium- and long-term clarity around the number of temporary residents admitted to Canada annually. To avoid straining Canada's absorptive capacity and the expectation that NPRs may have about using temporary migration as a pathway to permanent residency, the government should establish a target range for temporary immigration. It should do so by determining an optimal ratio of NPRs-to-PRs admitted annually that considers, and is constrained by, the following guardrails:
  - The historical trends in, and the desired number of, temporary residents who will transition to PR each year within a reasonable timeframe of first receiving a temporary residence visa;
  - A balancing of the noted benefits and challenges of two-step immigration;
  - The length of time NPRs stay in Canada prior to a successful PR application;
  - Flexibility of the NPR-to-PR ratio according to transparent labour market tightness metrics;
  - The rate at which NPRs remain in the country after not renewing their permits.

The selection of economic immigrants must continuously improve to prioritize those with the greatest economic potential.

To ensure that immigration delivers greater prosperity for all, those selected for economic immigration must possess the skills and experience most highly valued by the Canadian economy. That means improving the system Canada uses to select economic immigrants and adapting and adjusting selection criteria as new, more, and better information becomes available.

Current State & Challenges

A primary way that Canada selects economic immigrants is through its points-based Comprehensive Ranking System (CRS). Canada has long been recognized as a leader in this approach.

The CRS measures and ranks the "human capital" of prospective immigrants. It is intended to be agnostic about specific skills and focuses instead on broad-based measures of aptitude and adaptability—things like level of education and language proficiency. A higher CRS score is supposed to imply higher human capital levels and, as a result, higher expected future earnings.

While there is strong evidence to support many of the factors considered in the CRS, there is still room for improvement. **The measures currently used only account for 16% of the difference in immigrants' earnings over the first couple of years after landing.** Longer term, they explain even less.

In other words, high-scoring applicants selected for immigration don't necessarily do the best in the Canadian economy. Meanwhile, some with lower scores do extremely well.

This points to some shortcomings with the current approach. As stated in a recent evaluation of the Express Entry program (a subset of the economic class immigration stream): "These findings point at the need to continue monitoring the capacity of the CRS to identify Express Entry Principal Applicants who will have positive economic outcomes in the longer-term."

For example, **within the current CRS scoring system, more years of schooling is seen as better, regardless of the type of education or quality of institution. At the same time, other forms of education, such as an apprenticeship, are overlooked entirely.**

As well, prospective immigrants can gain points for factors that have no, or limited, bearing on immigrant success. For instance, "transferability factors" award extra points to candidates with high marks in two different areas (e.g., they have good language proficiency *and* a post-secondary degree). But, in practice, there is limited evidence that immigrant outcomes are affected in this way.

However, perhaps **the biggest limitation of the current points system is that it ignores labour market information.** The focus on broad "human capital" factors means that the points system does not consider what skills are most highly valued and in demand.

In reality, what determines an individual's economic potential is a combination of the two: general human capital (language abilities, level of education), as well as specific skillsets (experience in a field, type of degree, quality of education).

> ### Economic Potential
>
> As an example, a plumber is more highly valued by the Canadian economy than a photographer. But this is not reflected in the current points system. In fact, if the photographer has more years of education than the plumber, but otherwise has similar characteristics (e.g., age, language abilities), they will receive more points and be prioritized for economic immigration.

Recognizing this shortcoming, IRCC has introduced occupational category-based selection—a process that selects the highest-ranking individuals within a subset of the applicant pool based on an identified occupational category. However, rather than bringing sophistication to a flawed process, it muddies the waters.

For example, if IRCC identifies that plumbers should be prioritized for immigration, it could create a category-based round of selection that focuses only on the highest-scoring people within that narrowed pool.

While this approach effectively isolates candidates in an in-demand field, it also means that selected applicants will almost certainly have lower CRS scores compared to those chosen outside of category-based selection. The problem is that there's no way of knowing whether choosing lower-scoring plumbers yields better outcomes for the Canadian economy than choosing higher-scoring individuals who are not necessarily in that field.

Another problem is that category-based selection opens to political influence what otherwise would be an objective process. A better approach would be to incorporate labour market information directly into the CRS scoring system. The priority should always be what's best for the Canadian economy as measured by the expected impact on per capita economic growth.

Another way to better reflect likely immigrant success is to include measures of applicants' recent earnings in the CRS. IRCC notes as much in its recent Evaluation of Express Entry, describing these earnings as "at least partly the reflection of some aspects of human capital, which include education and work experience, but also other human capital traits (e.g., knowledge of specific skills, language ability, ability to learn), which aligns with the underlying premise of the CRS." In fact, for those already in Canada as temporary residents, this is the best known predictor of economic potential. Adding this one measure alone would greatly increase the accuracy with which the CRS estimates economic potential.

But improving the points system alone will only get Canada so far. The CRS may be imperfect, but it still has value. And that value has eroded as new priorities for economic immigration have been introduced—either through category-based selection or outside of it—that are intended to address issues largely unrelated to economic outcomes. Examples include prioritizing French-speaking immigrants and those willing to settle in rural communities. These considerations are important, but do not belong in the category of economic immigration if their priority is not to maximize the potential for growth in per capita GDP.

Furthermore, there is already a separate program in place that is meant to meet many of these specific needs: the Provincial Nominee Program.

At the same time, one piece missing from the federal strategy for economic immigration is clear performance indicators that are directly tied to per capita economic growth and prosperity. These indicators would help to set transparent success metrics and focus on igniting economic progress. This would help to direct IRCC's limited resources to best increase the value of immigration.

The Road Ahead

To ensure Canada is selecting for economic immigration those with the greatest potential will require not just reform of the points system but a change in how Canada thinks about that system altogether.

First, we believe economic immigration must focus on one specific goal: advancing per capita economic growth. This requires accountability and reporting through key performance indicators and ensuring that all streams of economic immigration support this goal. That can't be done without clearly tracking the success of economic immigrants as well as their contribution to the broader Canadian economy.

Second, Canada must commit to continuous improvement in how it selects economic immigrants to ensure it is choosing those with the greatest economic potential. IRCC recently agreed to conduct a regular review of the CRS—an essential first step. Beyond this, it must also commit to adding proven measures of success and removing factors that are not useful and obscure results.

Economic immigration must focus on one specific goal: advancing per capita economic growth

Third, the current CRS scoring system needs to strike a better balance between broad "human capital" considerations and the specific skills most highly valued in the Canadian economy. The CRS was designed to identify candidates most likely to achieve high employment earnings. But it is limited in its ability to do so because it focuses on its assessment of the *level* of human capital rather than the *type* or *quality*.

Ultimately, the points system should be thought of as a living, breathing mechanism for immigrant selection—one that must be continually refined with new and better information, incorporate forward-looking intelligence, and adapt to structural changes in the economy or determinants of individual economic success.

As a final point, it's important to be upfront about the fact that any change to the points system will come with trade-offs. For example, adjustments that reflect more accurate measures of economic success could implicitly favour applicants from some countries over others. But that doesn't mean a reformed points system *creates* bias. It just replaces one bias with another. The fact that the current points system offers limited predictability is not only unfair to prospective immigrants, it isn't good for Canadians and greater prosperity. Diverse methods utilized elsewhere prove there are ways to build a system with greater sophistication and precision.

The Action Plan

Priority	Recommendations
Building greater focus on, and accountability for, economic immigrant selection	• Identify specific, prosperity-based measures against which to measure the success of economic immigration. Specifically, these measures should reflect the economic outcomes of principal applicants and be directly connected with per capita GDP growth. This should help to inform future policy and strategy for economic immigration and be regularly reported on within the federal government's Annual Report to Parliament on Immigration.
	• Limit the number of streams and pathways for economic immigration to focus on one primary goal—per capita economic growth. This will also help to limit administrative inefficiencies that come from managing a wide variety and number of programs. Streams and pathways designed to address other priorities (such as increasing French-speaking immigration and rural settlement) should be left to the responsibility of individual provinces via the Provincial Nominee Program.
	• For communication and reporting purposes, stop the practice of counting spouses and dependents of economic immigrants as economic immigrants themselves. While those individuals provide value to Canada, reporting them in the overall numbers is misleading when a much smaller portion of what is currently considered economic-stream immigrants were selected for their skills and ability. Instead, report on principal applicants separately from other applicants.

5 year olds can't be economic immigrants. We should stop reporting them as such.

The Action Plan

Priority

Refining the CRS and focusing on economic potential

Recommendations

- Determine how to award points for current employment earnings which is the <u>most predictive, known factor</u> of economic potential. This information should be incorporated into the CRS within the next three years.
  - For applicants with Canadian experience, Canada can learn from and employ best practices already utilized in other countries.
  - For applicants without Canadian experience, work with experts such as labour market economists and those with expertise in international finance to determine the best way to award points for, and create a mechanism to verify, foreign income. This is a big opportunity for Canada to be at the cutting edge of immigrant selection.
  - To ensure that employment earnings do not result in sex-based discrimination, collaborate with partner departments such as Women and Gender Equality Canada to develop ways to minimize this challenge. One way to do so would be to statistically adjust current earnings based on existing inequities. As wage gaps close, so should this adjustment.

- Remove factors within the CRS points-based structure that are not informative of economic potential.

- Assess whether the factors that award prospective economic immigrants with "Additional Points" (i.e., factors beyond the core human capital and transferability factors) actually contribute to positive economic outcomes. These factors weigh heavily within the points system but, to date, have not been evaluated against any success metric.
  - If a certain factor is included in the CRS because it supports a policy objective beyond selecting the most valuable skilled immigrants given the needs of the Canadian economy, the federal government should be clear as to the reason for its inclusion and ensure that it does not unfairly benefit certain people or groups. Factors such as having a sibling in Canada, for instance, could put individuals from smaller countries or those with less immigration to Canada at a disadvantage, despite a strong ability to contribute to the Canadian economy.

- Begin research to determine the best way to capture, within the points system, the type and quality of skill (e.g., field of study, program of education, occupation) that is most highly valued and in demand in the Canadian economy with the goal of incorporating this information into the CRS within the next three years. This work should be done in tandem with research on incorporating foreign income into the CRS and should likewise be conducted in close collaboration with experts such as business leaders and labour economists.
  - Once a more sophisticated approach has been proven (i.e., it has been shown to increase the ability of the CRS to predict immigrant outcomes) and integrated within the points system, category-based draws should be retired, so that they do not inadvertently skew selection toward one industry or occupation at the expense of another.

The biggest limitation of the current points system is that it ignores labour market information.

The Action Plan

Priority	Recommendations
Refining the CRS and focusing on economic potential	• Once the CRS has been refined, establish minimum criteria (i.e., a cut-off of the minimum number of points) for selection beyond the minimum entry criteria of individual Express Entry programs. This threshold should be set at a score that would predict income above the median in Canada. This threshold should be used to ensure that, if and as immigration targets are increased, the focus rests on the quality of applicants and growing the pool of strong candidates. • Simplify eligibility and selection criteria for economic immigration so that it is clear to prospective candidates what Canada is looking for, what is required, and whether or not they meet those criteria. This should also include setting clear expectations with respect to Canada's cost of living and quality of life, and the values upheld in a liberal democratic society.
Implementing a system of regular refinement and improvement of the selection criteria and process for economic immigrants	• IRCC has committed to a regular review of the CRS, but this should include a parallel commitment to continuous improvement. Those improvements should not be limited to solving identified problems; they should also look to refine and improve the system proactively and ensure Canada is a world-leader in economic immigrant selection. To limit the risk of politicizing this process, its sole focus should be objectively quantifiable measures of economic potential. • As a part of the above review process, there should also be a review of: 　○ the approaches and best practices used in other countries; 　○ new labour market intelligence and other data that could be valuable, including information from recent economic immigrants with strong outcomes in Canada; and 　○ methods for measuring and quantifying important factors not captured in the current model (e.g., soft skills). • Also as a part of this process, IRCC should introduce an annual forum of industry and experts on the Canadian labour market to build an understanding of how the labour market and economic immigration needs are changing. This forum would create an opportunity for stakeholders to share new research and business insights that could inform the CRS (or the strategy for economic immigrant selection more broadly) to better understand the emerging trends and needs of Canada's labour market, the impact of immigration on specific segments of the labour market, and the role of economic immigration in innovation and productivity growth. • Close current information gaps by making all fields in the application for Express Entry mandatory to complete. Presently, some fields that help to determine the CRS are optional. • As new information or potential selection criteria are identified, data should first be gathered through the application process for informational and testing purposes only. Once data has been collected to confirm the value of a new proposed selection factor, it should be incorporated into the CRS. Though this process will take time (in the case that historical data cannot be used), it will limit changes to the CRS that are not proven.

Canada should recruit those with the skills most highly valued by the Canadian labour market.

Canada can improve its access to skilled workers, and enhance its ability to support per capita economic growth, through tactics such as targeted marketing and recruitment efforts in local markets. Doing so will help deepen the talent pool of prospective immigrants, allowing a renewed CRS to identify the best candidates.

Current State & Challenges

Though various efforts have been made at the provincial level, targeted recruitment has generally not been a practice employed federally.

As it currently stands, this means Canada must passively rely on the quality of its applicant pool when it selects candidates for economic immigration. And there is no guarantee that the skills and experience of those in the pool are a good match for those most highly valued by the Canadian economy. Said another way, the immigrants Canada needs the most might not even be in the selection pool.

Currently, only limited information is reported or publicly available on the pool of prospective applicants beyond the distribution of CRS scores which, as noted earlier, is a flawed measure. The economic immigration stream should strive to address labour and skills mismatches, but it's unclear whether unresolved gaps between those immigrants selected versus those most in demand reflect the imperfection of the CRS itself, or a dearth of applicants with the most desired skills.

One example is the case of individuals in the skilled trades. The number of prospective applicants who are admitted for permanent residency through the Federal Skilled Trades Program in any given year is extremely low—less than 500 people, representing just 0.2% of new permanent residents in recent years. In fairness, this is at least partly because many skilled tradespeople were admitted for permanent residency through other, less administratively burdensome, Express Entry pathways (the Federal Skilled Workers Program or the Canadian Experience Class). Even so, the fact remains that just 9% of recent economic immigrants work within the trades despite these occupations accounting for 15% of national employment.

As noted earlier, this means methods like category-based rounds of selection that invite top scoring individuals within a given occupation will have limited effectiveness if they are constrained by the number of appropriately qualified applicants in the pool. Filling category-based selection targets results in simply digging deeper into the pool to find lower-scoring applicants.

Meanwhile, other countries are taking a more proactive approach. Finland has started a procedure of fast-tracking applications for highly skilled workers and entrepreneurs. Denmark publishes a list of industries and jobs with labour shortages called the Positive List for Skilled Work to serve as a promotion and guide for prospective immigrants. Meanwhile, Australia has created a Global Business and Talent Attraction Taskforce to bring "the best and brightest business and talent to Australia."

The Road Ahead

One of the most important things Canada can do to attract individuals with highly valued skills is to signal its interest in them. This starts with making a connection between individuals abroad and opportunities in Canada. It continues through the application process itself—by ensuring that process is smooth, expedited, and streamlined. Though individual employers are already making efforts to establish these overseas connections, a larger, more coordinated approach offers important advantages that are beyond the scope or ability of any one employer.

The opportunity that targeted recruitment represents is not lost on the federal government. The report of its recent strategic immigration review proposed the creation of the new role of a Chief Talent Officer who, among other responsibilities, would lead global skills missions to recruit the talent Canada most needs.

This is an excellent idea and one we strongly support.

But before active recruitment efforts are launched, the first step is to determine who, exactly, to target. This starts with building a better understanding of the current Express Entry pool, including those within it who were ultimately not selected for an invitation to apply. Gathering this information will help to distinguish between issues of selection and opportunities for recruitment. From there, Canada must pair information about who is not in the applicant pool together with labour market intelligence and competitive insights globally to ultimately identify recruitment opportunities for Canada.

The Action Plan

Priority	Recommendations
Building an understanding of the current pool of applicants and limitations	• Expand the reporting of the Express Entry Year-End Report to include information on applicant pool characteristics such as their current or intended occupation, level and extent of Canadian experience, and current earnings in Canada (if applicable). This would provide insight into the types of people and skills currently "missing" in Canada's pool of prospective immigrants.
Targeting and recruiting individuals with highly sought-after and valued skills	• Take action to improve and streamline the application process (specific details are set out in the next section of this paper). This is especially important in attracting the <u>most talented and qualified immigrants</u>.
	• Take advantage of the more readily available opportunities to proactively recruit skilled immigrants such as through fast-tracking the applications of those with recent experience in the most in-demand occupations as determined by labour market information and engagement with businesses and other experts. High labour demand can be defined through the combination of high job vacancies, strong and rising wages, and a strong long-term outlook. Given current application processing is around 6 months for most Express Entry programs, IRCC should aim to process the most in-demand talent within the first two months.
	• Create a 5-Year Opportunity in Canada Recruitment Strategy. Led by the proposed <u>Chief International Talent Officer</u>, use targeted recruitment strategies (including a combination of advertising, events, and expedited application processing, as mentioned above) to build Canada's competitive edge in attracting the highest potential economic immigrants. Developed in collaboration with businesses and other stakeholders, the Recruitment Strategy should identify Canada's top opportunities for high-return recruitment effects based on: ○ the existing pool of applicants; ○ the long-term needs of the labour market; ○ opportunities internationally (including locations to tap skilled labour markets such as educational institutions, community events, and conferences, and where Canada has a competitive offering versus the domestic market); and ○ regional economic opportunity Canada-wide. To ensure opportunities beyond Canada's biggest cities do not go overlooked, there may be a role for a provincial-level equivalent that supports the Chief International Talent Officer to connect prospective immigrants with the wealth of opportunities Canada-wide.

Priority

**Targeting and recruiting individuals with highly sought-after and valued skills**

Recommendations

- Develop targets against which to measure progress, and the success of each individual recruitment effort to determine the return on investment. This process should help to inform future recruitment efforts so that they become more effective with time.

- As a part of this 5-Year Opportunity in Canada Recruitment Strategy, assess strategies utilized by other countries to attract skilled immigrants and identify areas where Canada can be more competitive.
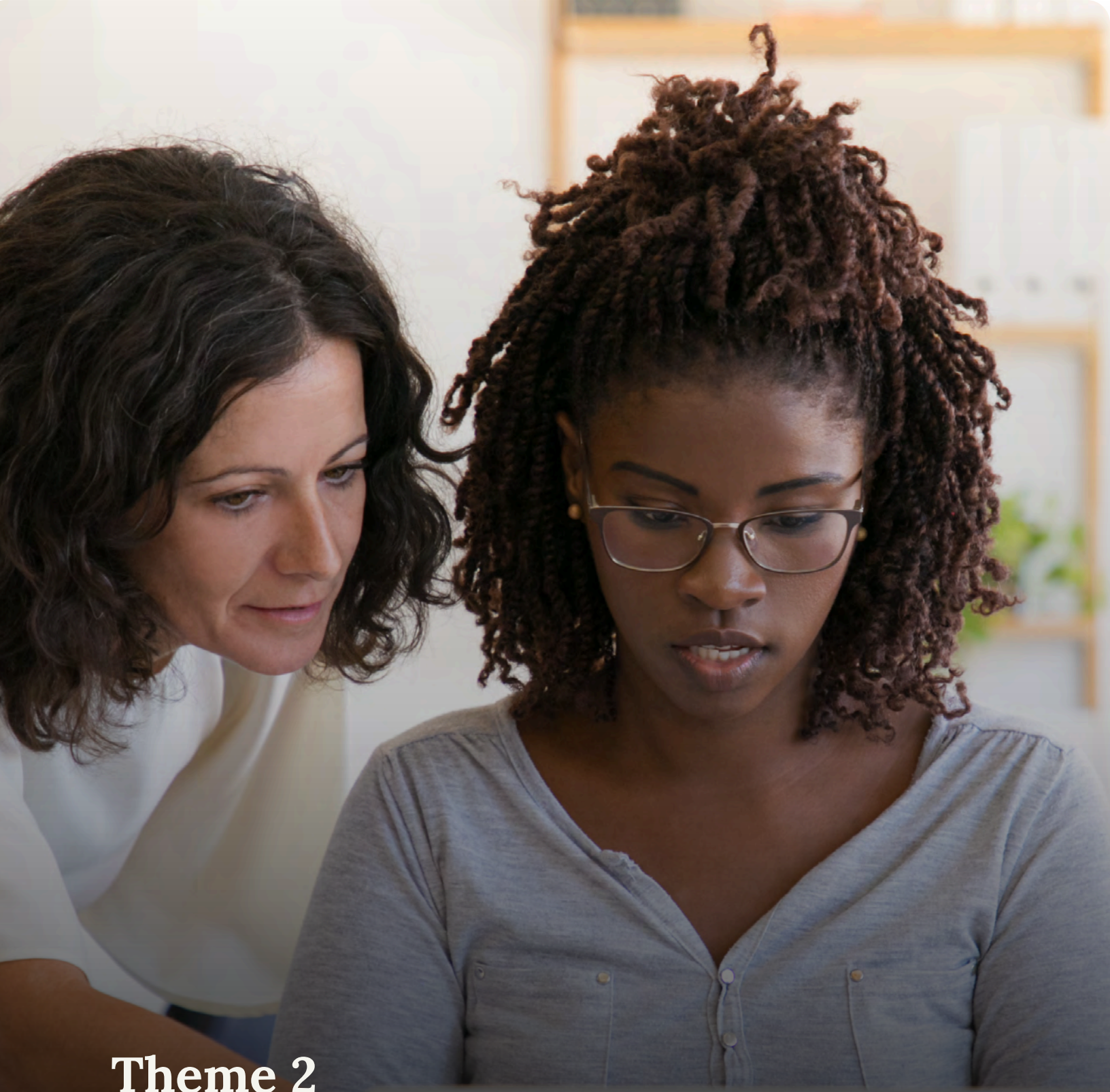
Theme 2

Improving the immigration experience and newcomer outcomes

Introduction

It's not just economic immigrants who contribute to the Canadian economy. All newcomers, regardless of their path to permanent residency, have an important role to play.

Canada needs to ensure that every newcomer has as seamless of an experience as possible—from the moment they consider applying for permanent residency all the way through to finding a job in their desired field. Doing so will not only help attract the best candidates, but it will also put them in a position to succeed—both for themselves and for a stronger Canada.

Though there are a range of opportunities, we see three key priorities to improve the experience and outcomes of newcomers:

- **The application process must be simple, streamlined, and easy to understand.**
- **Newcomers should be able to utilize their skills in the Canadian labour market.**
- **Newcomers should be connected with the supports they need.**

It's important to note that the primary focus of our work was to improve how Canada selects and attracts economic immigrants. As such, while we offer ideas, below, for how to better support newcomer success, it is beyond the scope of this project to propose specific, detailed solutions.

The process of applying for immigration cannot itself be a barrier to immigration. Not only does a smooth application process improve the experience for newcomers, it also has the potential to affect who applies—boosting Canada's attractiveness as an immigration destination.

The application process must be simple, streamlined, and easy to understand.

The process of applying for immigration cannot itself be a barrier to immigration. Not only does a smooth application process improve the experience for newcomers, it also has the potential to affect who applies—boosting Canada's attractiveness as an immigration destination.

At present, however, the application process is difficult to navigate—from determining the program under which to apply; to understanding eligibility requirements or likelihood of approval; to lengthy waiting times; to the lack of a clear timeline or communication throughout. In fact, the OECD finds that system complexity and slow processing times are weighing on Canada's attractiveness to skilled immigrants.

We see three important ways to improve the application process:

Speeding up application processing times

In general, Canada does a good job in terms of the speed of immigrant processing, largely keeping pace with other countries, and in some cases outperforming them.

However, IRCC sometimes struggles to meet its own performance standards. The department strives to process 80% of applications within prescribed timelines. However, in practice, more than half of streams in the economic class have backlogs.

This issue is especially a concern given the recent increase in the number of permanent residents coming to Canada. As the number of admissions rises, IRCC resources devoted to application processing need to increase as well. While potential efficiency gains (see below) mean that the number of IRCC staff may not need to increase in direct proportion to the number of applicants, more resources may be needed to maintain performance standards.

Simplifying the application process

Second, the application process itself can be confusing for prospective immigrants. For economic immigrants in particular, there are numerous streams and programs through which they could apply. Canada offers an Explore Immigration Programs tool to help applicants figure out the right program for them, but it commonly returns over 15 options, leaving it to the user to figure things out from there.

The onus should not be on applicants to understand, interpret, and navigate the large (and often growing) number of immigration programs. Rather, they should be able to provide their information and be automatically processed through the best one given their credentials. This would also minimize the current challenge of needing to create a different account to submit another, more successful, application.

Building a cutting-edge platform for prospective newcomers

Finally, modernizing and digitizing IRCC services can both speed up processing times and create a more seamless user experience. There are significant opportunities to expand or improve online applications and use data-driven technologies to find processing efficiencies.

Canada has taken some steps in this direction already. For one, the application process for Express Entry has been digitized to allow electronic submission and processing, and applicants now have the ability to track their progress. And, since late 2020, the federal

government has been working to implement the Digital Platform Modernization (DPM) programme to improve user experience and manage increasing application volumes.

However, challenges remain. Express Entry applicants are unable to review or revise supporting documents after uploading (but prior to submission). And the system struggles to identify unique applicants due to a quirk which generates a new set of client information any time a user updates their profile. On top of that, tracking application progress requires individuals to create a new specialized account that is completely separate from—and requires a different username than—the portal through which they had applied to immigrate. Not only does this build another layer of unnecessary complexity on the user's end, but it also adds a layer of duplication administratively.

Meanwhile, the DPM initiative is stalled at its third and most important stage. That phase of the platform will not be delivered until 2026 and it's unclear whether it will address existing modernization issues or create a truly seamless user experience.

The Action Plan

Priority	Recommendations
Speeding up application processing times	• Set firm deadlines to address both the immediate backlog of applications, as well as to fix errors and bugs in the application process. • If necessary, increase IRCC's staffing complement to ensure that the department has the capacity to process applications in a timely manner. • Offer a paid option for expedited processing (as is done in other countries) and utilize this revenue to further enhance the efficiency of the system that will benefit all newcomers. • Explore opportunities to use predictive analytics tools to enable individuals at IRCC to process individual applications more quickly and effectively.
Simplifying the application process	• Reduce the number of programs that an immigrant must consider when deciding how to apply for permanent residency. This process should be similar to how Express Entry currently works, where individuals submit an application, and the federal government does the rest of the categorizing and processing. • Work towards an overarching application process whereby the Express Entry application process described above is applied to all prospective immigrants regardless of stream.
Building a cutting-edge platform for prospective newcomers	• Redesign IRCC's main informational webpage and related webpages for permanent residency to be newcomer-centric with an utmost focus on *simplicity*—making everything simple to read, understand, and navigate. Done well, the webpage itself should serve as a tool for immigrant attraction and excite prospective immigrants about the opportunity that exists in Canada. • Include wayfinding on IRCC's informational webpage to guide users towards the immigration streams and programs most relevant to their application, as is done in New Zealand and the United Kingdom. • Allow individuals to track their application status directly in their primary applicant account and portal, eliminating the need to create a separate account. • Work towards creating a seamless application process that is simple, clear, and easy to use.

Newcomers should be able to utilize their skills in the Canadian labour market.

Newcomers bring education, knowledge, skills, and experience when they arrive in Canada. But if their skills or qualifications aren't recognized, their potential could be wasted.

A recent survey found that <u>66% of recent immigrants</u> had difficulty with credential recognition or their lack of Canadian experience. The issue is especially acute for individuals in regulated professions (e.g., nurses, teachers) who may find their job completely unavailable to them in Canada.

To maximize on the economic potential of immigration, newcomers must be able to quickly and fully capitalize on their potential, with a clear path to employment in their field and minimal re-schooling or skilling.

There are two overarching areas where progress is needed:

Better and earlier communication with newcomers

Throughout the immigration process, information on which professions are regulated in Canada and how regulation works is scarce. Most immigrants receive little, if any, information on the process required to verify if they can practice in Canada and, if not, the steps needed. As a result, many do not realize their skills will not be recognized. Considering that some were chosen specifically for those skills, not being able to use them upon arrival is confusing at best and disingenuous at worst.

What's especially confusing is that, in the case of economic immigrants, what is known as an "education credential assessment" (ECA) is required as a part of the application for permanent residency. This evaluation confirms an applicant's educational credentials are "<u>valid and equal to a Canadian one</u>" for the purpose of immigrant selection.

The problem is, credentials could be valid for immigrant *selection* but not valid for the purpose of *actually working* in Canada.

As such, one of the best, and simplest, things Canada can do is improve communication and transparency throughout the immigration process. There should be no surprise for newcomers that there are additional steps and costs that need to be taken before practicing in their profession.

The federal government is well aware of the issue and has already taken steps to address it. For instance, IRCC is now sending factsheets of how regulated professions work to principal applicants within Express Entry.

As well, a few regulatory bodies are now involved in the immigration process, assessing educational credentials for the purpose of immigration. While this process falls short of granting individuals the ability to *practice* (which remains a secondary step, separate of immigration), the advantage is that it integrates regulatory bodies—who are ultimately responsible for determining if someone can practice in Canada—directly into the application process. This forms a connection between prospective immigrants and relevant regulatory bodies from the outset.

There are two opportunities to expand on this. One is to replicate a similar approach for other regulated professions. Another is to also include the secondary step of full recognition (i.e., recognition for the purpose of practicing in Canada) as a part of the process of immigration as well. Though this would have no bearing on an immigrant's application for permanent

residency, it would allow prospective immigrants to have their occupational credentials assessed for equivalency at the same time their educational credentials are assessed for immigration.

Building toward a competency-based future

It is not enough to have better communication and faster decisions. Canada must also do a better job of *recognizing* credentials, so newcomers are able to practice in Canada.

In many cases, the decision to recognize immigrants' credentials as equivalent to what's needed to practice in Canada ultimately rests with individual, provincial regulatory bodies.

But people apply to immigrate to Canada with experience from many countries and credentials from countless educational and training institutions. It would not only be costly and resource-intensive for regulatory bodies to fully evaluate every potential program, it is also not in their interest to solve the problem.

Nonetheless, there are a couple of ways to get the ball rolling. One is to build a framework for mutual recognition. Given professional regulation is a provincial responsibility, this work requires provincial participation and starts with better alignment of professional standards within Canada.

Beyond this, a more agile, and longer-term, solution is to create standardized competency tests tailored to each regulated profession. These tests would assess whether foreign-trained individuals possess the required knowledge and skills, and offer newcomers a chance to demonstrate those skills, regardless of their formal education. Doing so would have the added benefit of identifying opportunities for micro-credentials that limit the time and money spent re-doing curriculum, and allow newcomers to work in their chosen field more quickly.

Ultimately, Canada will need to build a more nimble system for credential recognition that supports labour mobility both to and across the country. This will not be easy. It will require time and concerted effort from government, regulatory bodies, educational institutions, and industry stakeholders. But by fostering collaboration among these groups, and putting the right policies in place, Canada can begin to pave the way towards a more equitable and efficient process for individuals with foreign credentials.

The Action Plan

Priority	Recommendations
Better and earlier communication with newcomers	• Expand the integration of regulatory bodies in the immigration process to other regulated professions.
	• Expand the integration of regulatory bodies in the application process to also include applications for a license to practice in Canada.
	• In cases where credentials are not fully recognized, the regulator should work with individuals to create an education pathway that fills those gaps as quickly as possible.
	• Ensure that non-principal applicants and individuals immigrating through streams outside of economic ones are not overlooked in these processes.
	• Assess and publicly report the success rate of regulatory bodies across provinces in assessing qualifications within a given timeframe.

Priority

Building toward a competency-based future

Recommendations

- Identify opportunities for mutual credential recognition across Canada.
- Align international recognition of qualifications through a mutual recognition arrangement. One way to determine priority would be to identify the most important countries and institutions for which mutual recognition would be beneficial.
- In collaboration with industry and post-secondary institutions, assess the landscape of pilot projects that utilize competency-based testing and identify professions for future pilots.
- Transition proven pilots into successful, and permanent, policy.

66%

of recent immigrants had difficulty with credential recognition or lack of Canadian experience.

Cracking the Newcomer Code: Fostering Successful Integration of Newcomers in Canada, Leger, March 2024

1 in 4

Canadians believe that Canada enables high-value skilled workers to pursue employment in their specialized fields.

Perceptions of Canada's Immigration System, Business Council of Alberta, May 2024

Newcomers should be connected with the supports they need.

Newcomers' potential will also be squandered if they are not set up for success more broadly when they arrive in Canada. This means offering effective support programs—from language learning to resume screening—when and as they need it.

Canada has a comprehensive underline network of services to assist newcomers, primarily offered through local non-profits (except in Quebec). However, underline many newcomers either do not know about these services or have never accessed them. And among those who do know, some don't find available programs that meet their needs, and others face limited access because local settlement organizations are unable to meet demand.

As such, there are three areas where we think action can be taken to better meet newcomer needs:

Better aligning funding with need

Canada dedicates significant resources to its network of settlement services. But in certain regions and programs, government funding and program capacity has failed to keep pace with growing need. As a result, settlement organizations are sometimes unable to provide services to all who want them.

Part of the challenge is that federal funding is regionally allocated under the National Settlement Funding Formula based on previous trends of where immigrants land. But if immigrants move to a new province shortly after arrival, the funds generally do not follow.

Alberta, in particular, is often a underline second destination for newcomers—a trend that has only increased in recent years—and many settlement organizations in the province have reported being under strain.

Another issue is that specific programs struggle to respond to a sharp increase in demand. In particular, funding and capacity constraints have been especially apparent when it comes to Language Instruction for Newcomers to Canada (LINC) classes where demand has greatly outstripped the number of seats available, leaving many on months-long waitlists.

Finally, the need to build capacity is especially acute in rural communities attracting newcomers. Current challenges include longer commutes to access services, a lack of public transit; limited hours (and days) of operation, and inadequate capacity among individual organizations. Employers often step in to fill the gaps where they can—including providing transportation to work and connecting newcomers with housing and important services—but oftentimes more assistance is needed than any individual employer can provide.

As Canada is set to welcome more newcomers than ever before over the next few years, programs, provinces, and local communities must be equipped to quickly respond to growing needs.

Creating a process to connect newcomers with settlement support

Only underline 38% of adult immigrants (based on the latest data available pre-COVID) accessed settlement services within their first year of receiving permanent residency.

While not every newcomer needs these services (e.g., principal economic applicants or those who have already been in Canada for an extended period), many still do. In fact, according to

one survey, 70% of recent immigrants who did not know about settlement services would have accessed them if they had known. This means that around two in five immigrants do not know about these services but would like to access them.

Part of the problem is that there is currently no official process (within immigration or upon landing) to connect newcomers with available supports—or even communicate that they are available. Though there is a web-based tool for newcomers to find settlement organizations that could meet their individual needs, that tool is difficult to navigate, has poor search functionality, and requires that newcomers find it in the first place.

Without this basic infrastructure in place, identifying and sifting through the available options is extremely difficult. There are countless organizations and support services within any given province. Each one provides a unique blend of services and caters to a diverse range of needs. While settlement organizations offer a Needs Assessment to identify which programs might best meet a newcomer's need, the onus is still on the individual to get connected with one in the first place.

Setting newcomers up for success

Supporting newcomer success is not simply about connecting more newcomers to settlement services. It is about results. Settlement services must be both immigrant-focused and outcomes-driven.

According to the Newcomer Outcomes Survey, some newcomers report that services did not meet their needs. But IRCC has little insight into why. Most research on settlement services has focused on demonstrating the value proposition of the broad concept, not the effectiveness of individual services, or who would benefit most from accessing those services. Absent this, Canada lacks critical information on how its settlement landscape and overall strategy can be improved.

Most concerning is that a survey by Leger found that 43% of recent immigrants felt they did not receive sufficient support, resources, and guidance from the Canadian government to help them settle in Canada.

The Action Plan	
Action Step	**Recommendations**
Better aligning funding with need	• Refine the National Settlement Funding Formula to reflect secondary migration of recent immigrants.
	• Publicly report funding allocations by province to increase transparency and ensure regional equity.
	• Consider expanding the role of, and federal funding for, provinces in settlement services to fill current gaps, given their knowledge of local programming and regional needs.
Creating a process to connect newcomers with settlement support	• Transform the current settlement services website into a simple interface with seamless navigation and sophisticated search functionality that is tested by recent immigrants themselves.
	• Connect every single newcomer with this digital resource as a part of the landing process.

The Action Plan

| Action Step	Recommendations
Setting newcomers up for success	• Designate a single umbrella organization for individual cities and regions across Canada whose responsibility it is to connect newcomers with the local settlement service agency that best fits their needs.
	• Connect interested newcomers upon (or, ideally, before) landing with this umbrella organization for an initial Needs Assessment.
	• Identify measurable success metrics for various settlement programs and use that information to direct funding to the supports that deliver the greatest value to newcomers.
	• Track newcomer success within and across settlement organizations and report that information to the relevant umbrella organization to inform future referrals and funding support.

It's time for Canada to make changes to its immigration system.

7 in 10 Canadians agree that adjustments are necessary for the immigration system

70%

25%

5%

- Agree
- Neither Agree Nor Disagree
- Disagree
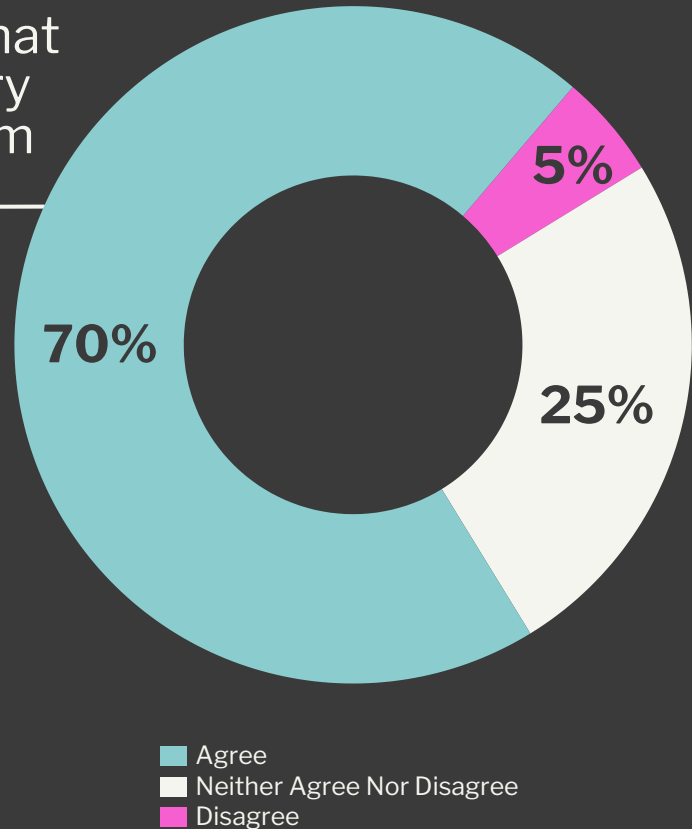
Conclusion

Canada has long celebrated its openness to immigration, and immigration's role in shaping the country's identity and economy. However, emerging cracks and longstanding challenges underscore the need to rethink Canada's approach to immigration.

Adding urgency to the problem, Canada's economy is struggling to grow at the pace required to deliver greater opportunity. As expectations for future productivity and per capita growth remain weak, more is needed to refocus economic immigration on its true goal: generating prosperity for all.

Among those calling on Canada to do better are immigrants themselves. Many are finding that life in Canada is falling short of its promise due to a high cost of living, limited work opportunity, or other barriers such as a failure to recognize foreign credentials.

Canada can do more. In fact, it must. Canada has a strong foundation upon which to build and has been seen as a world leader in immigration for years.

What Canada needs is a clear vision and strategy to harness immigration for economic growth. It starts with selecting and attracting those with the greatest potential and ends with putting all newcomers in a position to succeed. Canada can deliver greater success. This is a prosperity-driven plan.

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