

Chapter 1. Context for labour migration to Canada

This chapter outlines the context for labour migration to Canada. It provides an overview of labour migration in international comparison, the current domestic labour market situation and demographic outlook and discusses the historical evolution of the Canadian labour migration system. Partly as a result of the longest-standing and largest skilled migration programme in the OECD, Canada has the highest-educated immigrant population in the OECD. Overall labour market conditions are favourable and the impact of demographic change is less severely felt than elsewhere.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Successful management of labour migration is a longstanding political priority in Canada. As a settlement country, along with the United States, New Zealand and Australia, immigration has played an important role in Canada's nation-building and national heritage. Largely as a result of long-established labour migration, more than one in five people in Canada (about 22%) is foreign-born, one of the highest shares in the OECD. With an annual intake of about 0.8% of its national population over the past decade, and with expected intake for 2019-21 nearing 1% of national population, Canada also receives higher shares of immigrants than most other countries. Indeed, in a context of sparse population density and an ageing native-born society, immigration – and in particular labour migration – also plays an important demographic role.

Canada is widely perceived as a role model for successful migration management. Indeed, integration outcomes of immigrants tend to be better than in most other OECD countries (OECD/EU, 2018^[1]). This is in part due to the large share of labour migrants who, selected to succeed in the labour market, have higher skill levels and earn more than other immigrants upon arrival. Indeed, a few years after arrival, these labour migrants start surpassing the population average. In 2015/16, labour migrants' (economic principal applicants)¹ earnings five years after arrival were 112% the Canadian average.

Canada is also highly reactive to new developments and changes in the policy governing migration are therefore frequent. A seminal recent innovation has been the adoption, in 2015, of a dynamic two-step migration Expression of Interest system called "Express Entry". The new system selects eligible candidates from a pool based on a comprehensive ranking system, with those with the highest scores being invited to apply.

A key feature of the Canadian migration system – which distinguishes it notably from systems in Europe – is the clear separation between temporary and permanent migration. Permanent economic immigrants acquire the right to permanent residence directly upon arrival². Since the first agricultural programme for temporary workers started over 50 years ago, temporary migration has also been an important complement to the permanent labour migration system. Today, temporary migrants with work rights arrive in Canada through a number of different pathways, such as temporary workers, international students or youth exchange programmes, where each pathway has specific work provisions.

Canada is also one of the most attractive destination countries for immigration. According to the 2015-17 Gallup World Poll on migration, 15% of the world's population stated having a desire to move abroad, and 6% of these potential migrants – an estimated 47 million adults – refer to Canada as their top choice of destination. Indeed, Canada ranks second only to the United States, in this poll.

As a federal country with significant economic and labour market disparities and differing population dynamics across provinces and territories, there are significant regional considerations to take into account in labour migration management.

Accordingly, the role of regional selection has been strengthened over the past two decades.

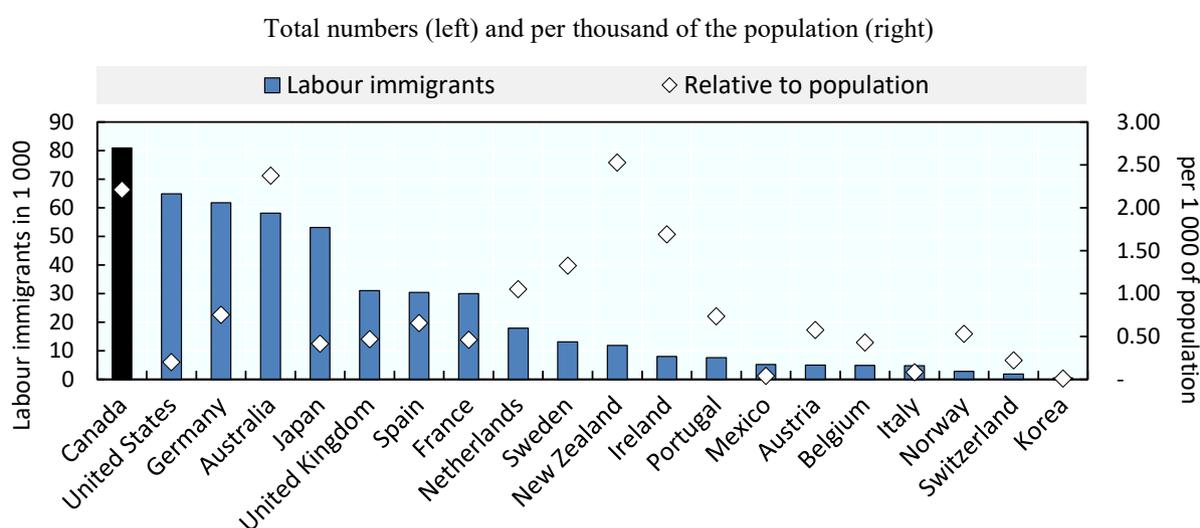
Against this backdrop, this review³ is structured as follows: The first Chapter presents the context for labour migration to Canada. Starting with an outline of economic and demographic conditions, it then presents an overview of the history of labour migration to Canada and of the current labour migration channels – both permanent and temporary – as well as the main stakeholders for labour migration management. Chapter 2 then analyses the management of permanent labour migration, in particular the functioning of the new Express Entry (EE) system. Chapter 3 discusses temporary migration, including both temporary migrants coming for work and those coming for other purposes. The final Chapter 4 analyses the role of the provinces and regions in labour migration management, focusing on the outcomes and settlement patterns of provincially selected immigrants.

Overview of labour migration flows and the economic and demographic context

Permanent labour migration flows are high in international comparison, and Canada's immigrant population is exceptionally qualified

The annual number of permanent residents admitted to Canada over the last decade has been relatively stable at approximately 0.8% of the population and the plan is to gradually increase this share to 1%. This is one of the largest shares among OECD countries. Within this inflow, about 30% is directly managed labour migration – again one of the highest shares in the OECD, after Japan. As a result, Canada has the largest managed permanent labour migration programme in the OECD and relative to population, only Australia and New Zealand have larger inflows (Figure 1.1).

Figure 1.1. Permanent labour immigration in selected OECD countries, 2017



Source: OECD Secretariat calculations based on *OECD International Migration Database* (<https://stats.oecd.org/Index.aspx?DataSetCode=MIG>) and UN population data.

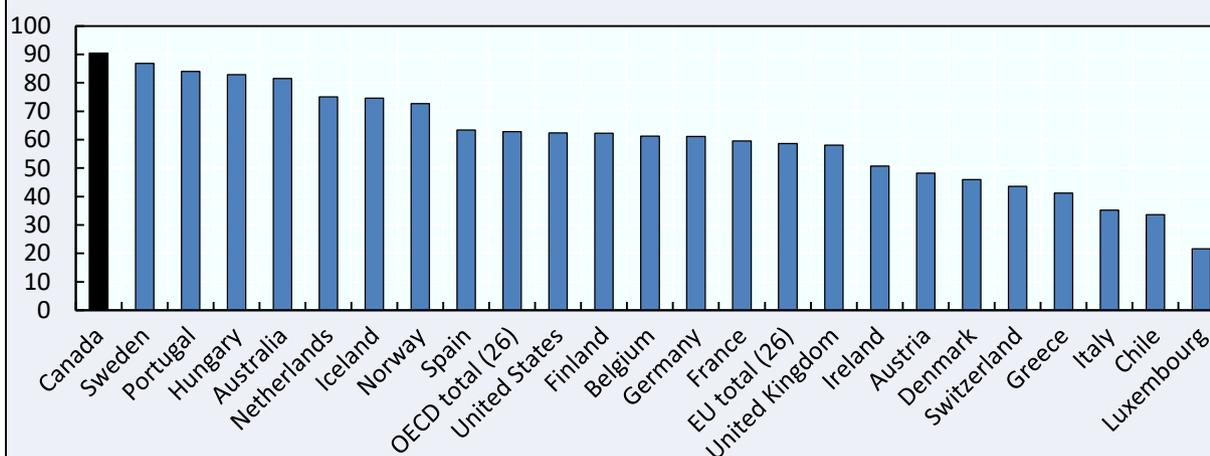
Box 1.1. Integration of immigrants and their children in Canada

In international comparison, immigrants in Canada are well integrated. They boast good labour market outcomes and high levels of social inclusion. This is partly a consequence of the large share of highly educated labour immigrants and their families. Immigrants are less likely to experience discrimination or feel discriminated against than in most other OECD countries and this sentiment has declined in Canada among immigrants over the last decade. Immigrants also report very high levels of life satisfaction and over 90% feel that they belong to Canada. In addition, immigrants report the best health status OECD-wide (OECD/EU, 2018^[1]).

Landed permanent immigrants who were physically present in Canada 1 095 days (three years) out of five years before the date of submission of a citizenship application can become a Canadian citizen – and many chose to do so. The country has one of the highest rates of citizens among settled immigrants OECD-wide. Over 90% of immigrants residing for over ten years have become Canadians. This share is 27 percentage points higher than in the OECD, and the highest share among other settlement countries and longstanding destinations.

Figure 1.2. Acquisition of nationality among immigrants

Percentages of host-country nationals among settled immigrants, aged 15 and above, 2017



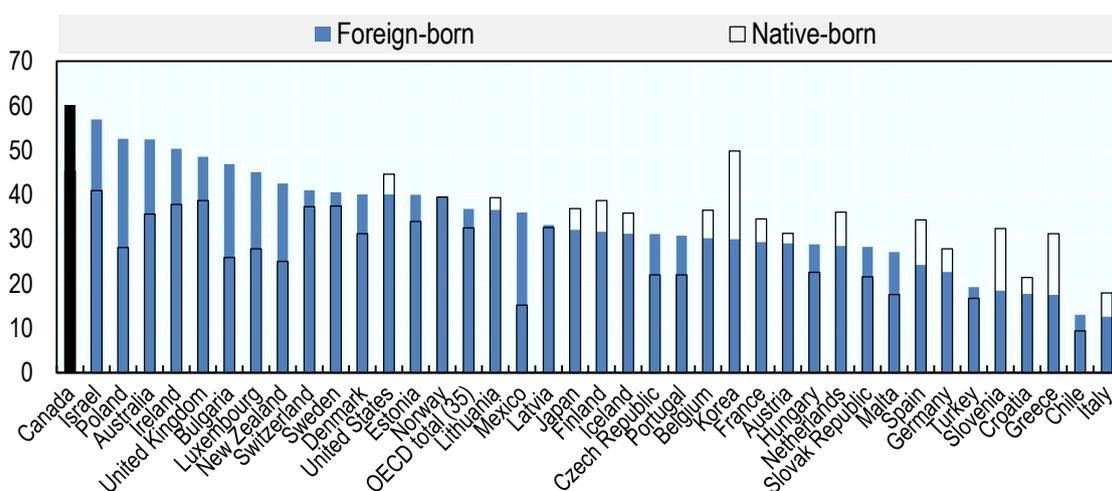
Source: OECD/EU (2018^[1]).

The outcomes of native-born children of immigrants in Canada even surpass those of their parents. Linked with the overall high education levels of their parents, immigrant offspring in Canada tend to have better outcomes at school and similar outcomes in the labour market compared with their peers with no migrant background – in stark contrast to most other OECD and EU countries. In literacy scores, native-born children of immigrants not only outperform their peers with native-born parents but have the highest mean PISA reading scores among 15-year-old pupils OECD-wide.

Consequently, of the over 321 000 permanent residents arriving in Canada in 2018, less than a third (96 000) were directly selected by federal or provincial governments as economic principal applicants. Spouses and dependants of economic immigrants and immigrants from the family and humanitarian classes also have an impact on the Canadian labour market. Indeed, both accompanying family of labour migrants and family migrants are indirectly selected, because of the tendency of spouses and family members to have a similar socio-economic background (OECD, 2017^[2]). As a result of several decades of attracting skilled migrants and a large share of economic immigrants relative to other groups, Canada's foreign-born population is the highest educated in the OECD. A full 60% of the foreign-born are tertiary educated (Figure 1.3), which also impacts on good overall integration outcomes (Box 1.1). What is more, under the new Express Entry system since 2015, spouses can influence the points score, and hence the selection of labour migrants, albeit only to a fairly modest degree.

Figure 1.3. Percentage of tertiary-educated native- and foreign-born

Percentages of 15- to 64 year-olds, 2017



Source: OECD and EU (2018^[1]).

Immigrants accounted for 24% of the Canadian labour force in 2016. A recent report by the Conference Board of Canada suggests that between 2018 and 2040, the expected 11.8 million school leavers who enter the labour market will be significantly below about 13.4 million workers exiting the labour force. Immigration will thus remain a key contribution, accounting for all of Canada's net labour force growth (3.7 million workers) (The Conference Board of Canada, 2019^[3]).

In all OECD countries, labour market outcomes of immigrants typically improve with duration of stay, although this is less evident for labour migrants due to the fact that they are often admitted with a job offer and the employment rate of this group can only decrease over time (Dumont et al., 2016^[4]). In Canada, where a significant share of migration is supply-driven, the improvement of labour market

outcomes over time holds also for labour migrants. In terms of earnings, these migrants exceed the Canadian average five years after landing. Human capital – in particular education – is the best predictor of long-term economic success in Canada. In the short run, individuals with prior links to the Canadian labour market or ties to a specific region⁴ in particular have higher earnings until the effect of their pre-integration levels off and, once again, education stands out as the main predictor of economic success (Warman, Webb and Worswick, 2019^[5]; Bonikowska, Hou and Picot, 2015^[6]).⁵

Current labour market conditions are favourable, and long-term projections predict labour shortages in high-skilled occupations

Current labour market and economic conditions for immigration are favourable in Canada. Over the past decade, Canada has had a relatively stable employment rate, above the OECD average. In Q4-2018, 74% of working age population were employed, compared to 68.5% in the OECD as a whole (OECD, 2019^[7]). In Q4-2018, Canadian unemployment rates stood at 5.6%, slightly above the OECD average of 5.2%, but one of the lowest rates in Canada over the past 40 years.

The country's recession at the end of 2008, following the outbreak of the global financial crisis, was more muted than in the rest of the OECD. Since 2009, growth has been steady and above the OECD average until 2014. At that time, a contraction in the oil and gas sector in the wake of the collapse in global energy prices decreased Canadian energy exports as well as business investment. Canada has recovered since and a real GDP growth of 2.2% in 2019 is projected (OECD, 2018^[8]).

Skill and labour shortages are always hard to identify and forecast. The main source of information in this regard is the Canadian Occupational Projection System (COPS), a biannual analysis from Employment and Social Development Canada (ESDC). It evaluates supply and demand of 292 occupational groupings by broad skill level and forecast the evolution of the Canadian labour market.⁶ Most recent estimations draw a rather balanced picture in terms of labour supply and demand by aggregate skill level. Overall COPS's projections for 2017-26 suggest 6.35 million job openings will be met by 6.3 million projected job seekers, including projected levels of immigration (ESDC, 2017^[9]).

Nevertheless, in certain occupations within skill levels, the COPS predicts imbalances. It forecasts shortages of labour in high-skilled occupations (Skill Level A) that require a college or a university education. These are concentrated in the health sector and in occupational groupings related to applied sciences. Skill Level A occupations likely to face shortages in the coming decade accounted for 5.9% of total employment in 2016. In contrast, occupations requiring lower skill levels which are likely to face shortages accounted for less than 2% of total employment in 2016. The projections also predict surplus in certain occupations, but these are more evenly distributed among high and low-skilled occupations. They include clerical and administrative occupations that are expected to be (partly) replaced by new technologies as well as jobs in the processing and manufacturing industries (ESDC, 2017^[9]). The forecast predicts that about 76% of the projected employment

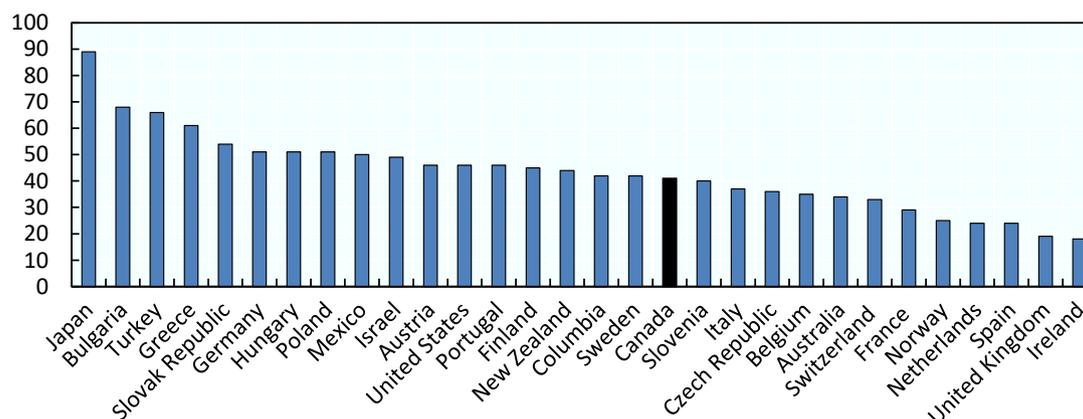
growth over the next ten years is expected to be in high-skill occupations as the Canadian economy is becoming more and more knowledge-intensive, automatised and with stronger health care needs. However, these COPS projections are aggregate and nation-wide estimations. As such, they capture neither regional differences nor imbalances within occupational groups. As shortages are likely to be confined to certain specific professions and widespread only in particular regions, this limits their overall practicality.

To provide better data on regional labour shortages, Canada launched in 2015 the Job Vacancy and Wage Survey (JVWS), administered by Statistics Canada. The JVWS documents job vacancies, job vacancy rates and average offered hourly wages⁷. It provides a regional quarterly updated overview of labour demand. In the first quarter of 2018, the job vacancy rate reached 2.9% across Canada, which is the sixth consecutive quarter with a year-over-year increase in the number of job vacancies. Rates varied from Lower Mainland-Southwest in British Columbia (4.4%) to South Coast-Burin Peninsula and Notre Dame-Central Bonavista Bay in Newfoundland and Labrador (1.2%) (Statistics Canada, 2018^[10]).

The largest number of job vacancies were in accommodation and food services, followed by health care and social assistance. The highest vacancy rate was reported in the agriculture, forestry, fishing and hunting sector (6.9%) (Statistics Canada, 2018^[11]).

The fact that COPS does not predict shortages in lower skilled occupations is partly at odds with other perceptions of the Canadian labour market. According to the latest Talent Shortage Survey of the Manpower Group, 41% of Canadian employers report difficulties filling open jobs. This is the most pronounced talent shortage in Canada since 2006. However, Canada is facing fewer difficulties than most other OECD countries (Figure 1.4). Talent shortage is most severe for large companies, with 58% of employers employing over 250 employees saying they face skill shortages. According to the survey, the most difficulties in filling positions in Canada are in the sector of skilled trades, sales representatives, drivers, technicians, and engineers – i.e. in the mid-skilled segment (ManpowerGroup, 2018^[12]).

Figure 1.4. Talent shortage in international comparison, 2018



Source: ManpowerGroup (2018_[12]).

Another source of information on labour market conditions is the Bank of Canada Business Outlook Survey, which regularly asks employers if labour shortages restrict their ability to meet demands. In particular, it surveys if companies experience a more, less or similar intense shortage of labour compared to 12 months ago. In the second quarter of 2018, the number of firms reporting that labour shortages restrict their ability to meet demand rose to a level just above the historical average. Businesses in British Columbia and Central Canada report more labour shortages than other regions. For the fifth consecutive quarter, firms cited that labour shortages are more intense than they were 12 months ago (Bank of Canada, 2018_[13]).

The Canadian population is highly concentrated, and growth is driven by migration while the native-born population is ageing

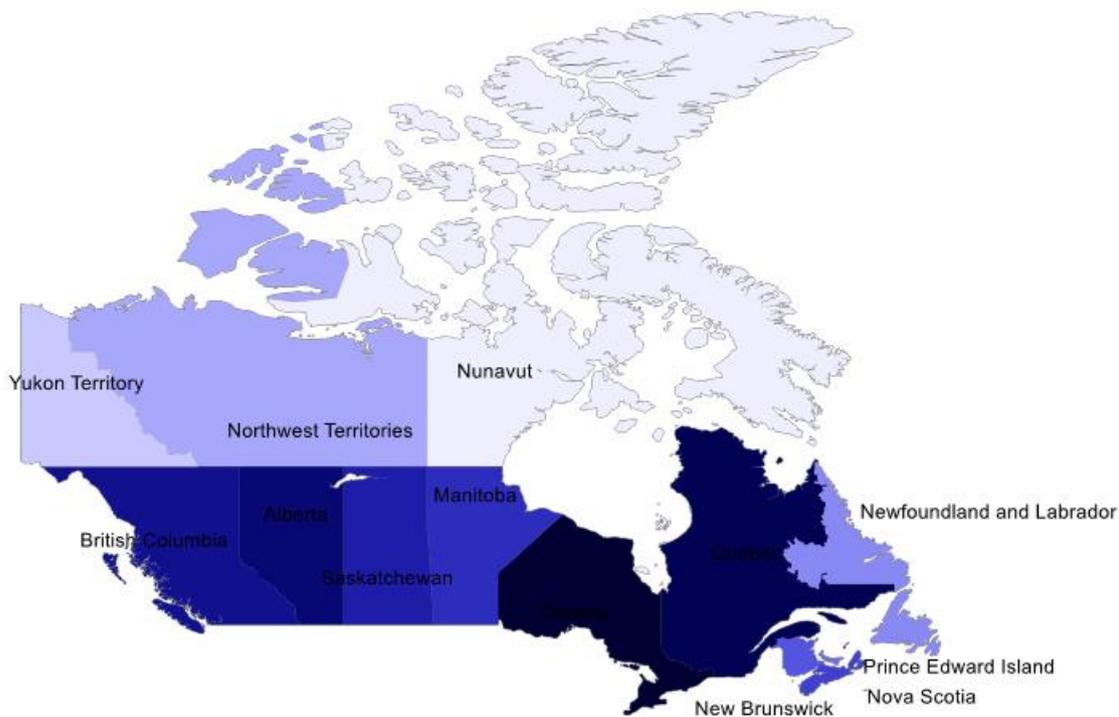
With a current population of 37 million inhabitants spread out over 10 million km², Canada is the least densely populated OECD country following Australia. In addition, the population is highly concentrated in certain regions and cities. In 2016, over 38% of Canada's population lived in Ontario, 23% in Quebec followed by 13% in British Columbia and 12% in Alberta. In contrast, fewer than one in eight individuals lived in the remainder of the country. What is more, a full 35% of the population are in the three main cities of Toronto, Montréal and Vancouver. Housing affordability in these regions and cities has worsened steadily since 2009, and Canadians spend more of their disposable income on housing than citizens in most OECD countries do (OECD, 2018_[14]).

Immigrants tend to concentrate even more than native-born Canadians in the major metropolitan areas, with almost 60% of labour migrants who arrived over the decade 2006-16 being settled in these three cities.

The distribution of labour migrants landing in Canada differs greatly, not only in absolute but also in relative terms (Figure 1.5 and Figure 1.6). In 2017, in absolute terms most economic immigrants landed in Ontario and Quebec. However, relative

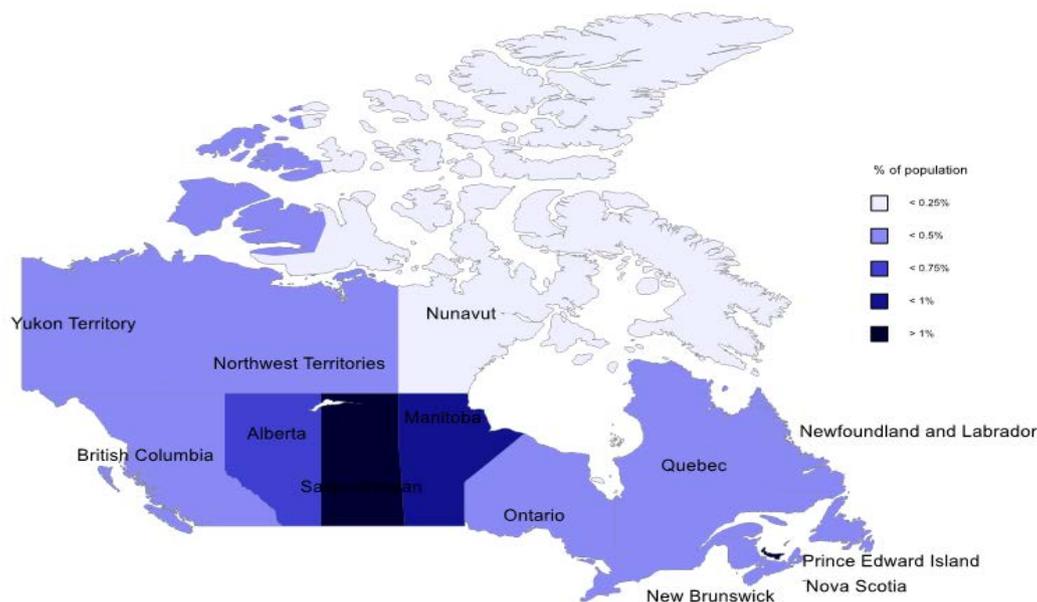
to population, Prince Edward Island welcomed the highest share of economic immigrants, representing 1.5% of its 2016 population, followed by Saskatchewan (1.1%) and Manitoba (0.8%).⁸

Figure 1.5. Permanent landed economic immigrants, 2017



Note: Economic immigrants landed in 2017, totals.

Source: IRCC Admissions of Permanent Residents by Intended Destination and Immigration Category.

Figure 1.6. Permanent landed economic immigrants relative to population, 2017

Note: Economic immigrants landed in 2017 as a percentage of the 2016 population.

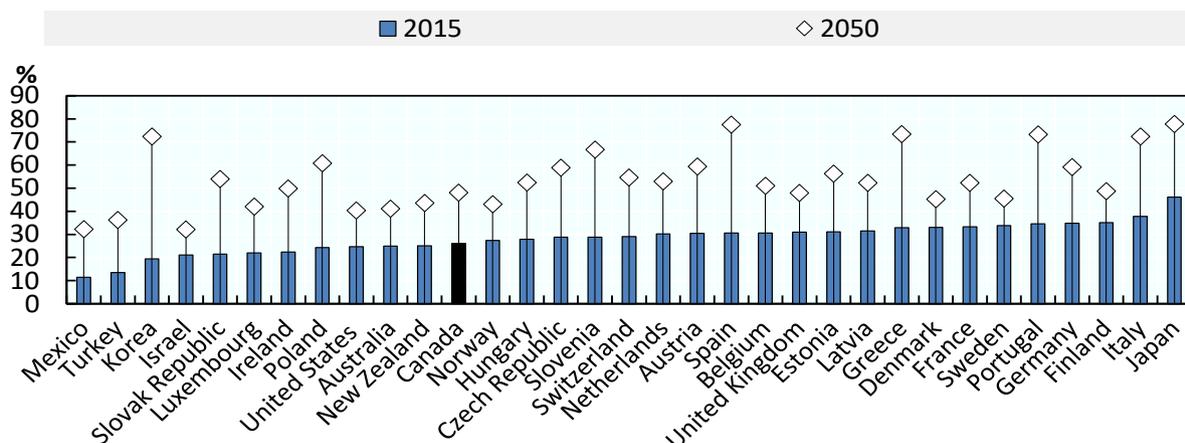
Source: Immigrants: IRCC Admissions of Permanent Residents by Intended Destination and Immigration Category, population: census 2016.

According to its latest census of 2016, Canada had an average annual population growth rate of 1% between 2011 and 2016, the highest population growth rate among all G7 countries, with immigration accounting for about two-thirds of overall population growth from 2011 to 2016, while fertility remains low at a current rate of 1.6 births per woman (Statistics Canada, 2017^[15]). Canada's net migration rate for 2015 to 2020 is projected to be six persons per 1 000 inhabitants, a number only surpassed in the OECD by Australia with 6.9 per 1 000 inhabitants (United Nations, 2017^[16]).

Canada's population, like that of many other OECD countries, is aging. The share of individuals 65 years and above increased from 13% to 17% within the last 15 years. The number of individuals aged 65 and over per 100 people of working age (20-64) is expected to climb from 26% in 2015 to almost 48% in 2050, although it is expected to remain well below that of many other OECD countries (Figure 1.7).

Figure 1.7. Old-age dependency ratio

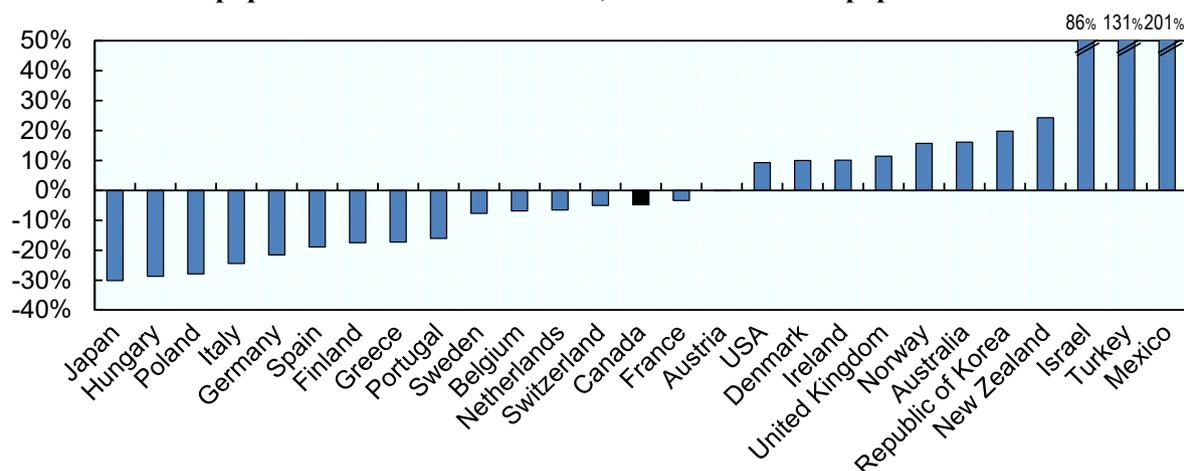
Ratio of population aged 65+ per 100 population 20-64.

Source: United Nations (2017_[16]).

There are also important regional variations in population aging, with the Atlantic Provinces (Newfoundland & Labrador, Prince Edward Island, Nova Scotia and New Brunswick) being most affected. These provinces had the oldest population structure with close to 20% of the population being 65 years and older. In contrast, a rather young population characterises the sparsely populated territories. In Yukon, the Northwest Territories, and Nunavut, only about 12%, 8% and 4% are aged 65 years and older (Statistics Canada, 2017_[17]).

Entries and exits from the labour market are broadly balanced

Largely because of labour immigration, demographic dynamics have not yet resulted in a decline of total workforce, and the difference between age-related exits and entries to the labour market is only weakly negative (-5%). Here, Canada's broadly balanced position contrasts with most other OECD countries (Figure 1.8).

Figure 1.8. Difference between age-related entries and exits from the working-age population in OECD countries, based on the 2015 population

Source: OECD Secretariat calculations based on UN population data.

Immigration will, however, be crucial to sustaining a growth in the working-age population over the coming years (The Conference Board of Canada, 2019^[3]). The old-age dependency ratio and its projections place Canada at an average position within the OECD. In 2015, 100 Canadians between 15 and 64 years of age supported 24 individuals of 65 years and above. This number will rise only modestly to 28 persons by 2020 and 33 by 2025 (United Nations, 2017^[16]). However, as immigrants age too, the capacity of immigration to mitigate the old-age dependency ratio in the long run are modest (OECD, 2018^[8]).

Evolution of Canadian immigration policy

Settlement and nation building

The Indigenous people – the First Nations, Inuit and Metis – were the first inhabitants of the land forming today’s Canada. Ever since the first arrival of settlers in the 16th century, immigration has been one of the defining features of Canadian nationhood. The country was officially formed with the passage of the Constitution Act in 1867⁹ and section 95 of the same outlined jurisdiction of immigration. It gave shared responsibility for immigration to both federal and provincial governments, with federal law being paramount in the case of conflict. Shortly thereafter, in 1869, Canada passed its first Immigration Act, which established immigration offices across Canada and Great Britain. Active recruitment from abroad has been a key component of Canadian policy ever since. With a population of less than four million at the time, authorities considered immigration crucial for the nation’s territorial and economic expansion. While the Act only explicitly excluded the “ill, disabled and poor” and did not exclude any specific nationalities, in practice, most migrants came from Great Britain and the United States (Li, 2003^[18]).

Immigration policy was one of the three key pillars of early nation-building, especially to settle farmers in the west, along with tariff protection for the manufacturing sector in the east and the development of transcontinental railways to link domestic goods and people across the country. Between 1867 and 1895, around 1.5 million, mostly European, immigrants arrived in Canada. They predominantly settled as farmers in the western provinces but many also joined the manufacturing labour force in the east. Immigration policy in 1887 was part of the Department of Agriculture, and subsequent changes of responsible ministries reflect priorities of immigration policy at a given time (see Table 1.1 and Alboim and Cohl (2012^[19])).

Table 1.1. Departments in charge of Canadian immigration policy, 1887 to present

| Department | Year |
|---|------|
| Department of Agriculture | 1887 |
| Department of the Interior | 1893 |
| Department of Immigration and Colonization | 1917 |
| Department of Mines and Resources | 1936 |
| Department of Citizenship and Immigration | 1950 |
| Department of Manpower and Immigration | 1966 |
| Department of Employment and Immigration | 1977 |
| Department of Multiculturalism and Citizenship | 1991 |
| Citizenship and Immigration Canada (CIC) | 1994 |
| Immigration, Refugees and Citizenship Canada (IRCC) | 2015 |

Note: In 2015, CIC rebranded to IRCC but no department change took place.
Source: Information from IRCC.

At the beginning of the 1880s, large numbers of Chinese labourers came to Canada to work on the western section of the Canadian Pacific Railway. The province of British Columbia passed several laws to restrict their immigration, and the Chinese Immigration Act of 1885 imposed a head tax of CAD 50 on every Chinese person seeking to enter, which was increased in subsequent years. In 1923, the Chinese Immigration Act virtually restricted all Chinese immigration to Canada for the next decades (Morton, 1974_[20]). Disputes between the province of British Columbia and the federal government over that matter also exemplify the latter's determination to keep countywide control over immigration policy as an important component of nation-building and economic development (Li, 2012_[21]).

Selection based on ethnicity and country of origin

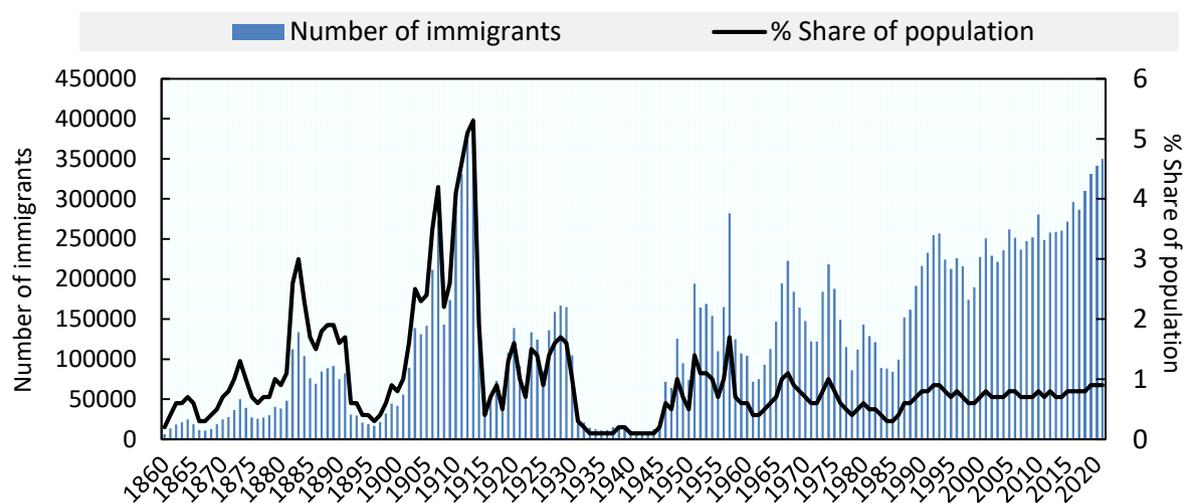
At the turn of the century, the number of immigrants coming to Canada increased strongly. Between 1896 and 1914, three million migrants arrived on its shores. In addition to the government's policy of active recruitment and settlement, a combination of events contributed to this increase. New farming methods brought previously unusable land into cultivation and rising commodity prices combined with cheaper transportation costs made farming in Canada a more profitable and attractive proposition (Li, 2003_[18]). As a reaction to this increase, a new Immigration Act in 1906 and another Act in 1910 assigned the government extended powers to make arbitrary judgements on admission, and to identify categories of prohibited immigrants. Following World War I, the Immigration Act was revised in 1919 and implemented an even more restrictive immigration policy allowing restrictions formally based on migrants' race, nationality, occupation and class. The resulting introduced feature of preferred and non-preferred origin countries¹⁰ remained central to immigrant selection until the 1960s.

At the time, the government had the power to limit the number of immigrants admitted in a given period. This empowered the executive branch (in form of the Cabinet) to make regulations without having to pass amendments through Canada's legislative bodies (Boyd and Alboim, 2012_[22]). It thus had great flexibility to

control immigration flows for conditions “temporarily existing in Canada” and established the Employment Service Council to manage immigration flows based on domestic unemployment rates (Green and Green, 1999^[23]). During the period, the government – for the first – time regulated immigration based on the economy’s short-run absorptive capacity, an idea reoccurring until the 1990s.

Much of Canadian immigration policy after World War II aimed at hosting refugees from Europe. At the same time, the policy remained restrictive with respect to immigration from Asia and other non-European (and non-American) origin countries. These elements formed the blueprint for the immigration policy at the time and were formalised in the new Immigration Act in 1952. This Act did not represent a significant departure from prior legislation and continued the discrimination against non-American and non-European immigrants.

Figure 1.9. Total and relative annual permanent migration inflows, 1860 to 2020



Note: Data for 2018-20 based on 2018 to 2020 Immigration Levels Plan, previous data actual admissions.

Source: OECD Secretariat analysis based on data from IRCC.

The beginning of the point-based system

Only about ten years later, this framework had become unsustainable. The civil rights movement in the United States and the important role Canada had played in drafting the Universal Declaration of Human Rights, meant a selection system based on nationality and ethnicity was no longer acceptable by the 1960s. In addition, declining numbers of applicants from Europe demanded a policy change. In 1962, the government issued new regulations removing country of origin as a selection criterion. However, as selection standards were not well specified, immigration officers had wide discretion when assessing potential migrants. This carried the risk of continued de facto racial bias in spite of the new regulations (Green and Green, 1999^[23]). A report in 1966 suggested restructuring immigration policies to avoid a large influx of sponsored but unskilled labourers. As a solution

to this problem, another round of regulations in 1967¹¹ introduced the world's first points system for immigrant selection.¹²

The new system offered a more transparent way to evaluate the skills of a potential migrant by assigning points to individual characteristics such as education and skills, age or knowledge of official languages. As expected, the new selection scheme resulted in an increase of non-European immigrants and a diversification of countries of origin over the following decades. Before the 1960s, one in four immigrants to Canada came from the United Kingdom and in total over 90% from Europe. By contrast, already by the first half of the 1990s, about one in two permanent immigrants to Canada was from the Asia and Pacific region while the Americas, Europe, and Africa / Middle East each contributed a similar share of about one in six immigrants. This is still the region of origin of most newly admitted permanent economic immigrants. The top three countries – India, the Philippines and China – accounted for more than half (56%) of new permanent admissions in the economic classes of 2017.

Changes in the main source countries of immigrants have transformed the overall portrait of Canada's foreign-born population. In 1871, in the first census held after Confederation, the foreign-born population was mainly from the British Isles (84%). In 2016, almost half (48%) of the foreign-born population was born in Asia (including the Middle East), while a lower proportion (28%) was born in Europe. African-born immigrants represented 8.5% of the foreign-born population (IRCC, 2018^[24]).

Occupational targeting and temporary labour demands

The primary focus of adopting the points system was to remove selection based on origin and increase transparency and consistency. In addition, those who believed immigration policy should be directed more toward addressing needs of the labour market welcomed the new regulations (Hawkins, 1988^[25]).

Occupational targeting had been part of previous immigration policy but it had always been a secondary concern to the primary demographic goals of nation-building and overall population growth. Historically, there was no tension between these two goals – labour force and population growth – as the labour required was generally unskilled. However, once the government aimed to move the economy towards more skill-intense manufacturing and services, immigrants were expected to fill specific skill demands (Boyd and Vickers, 2000^[26]). The government adjusted points given to applicants based on quarterly-reviewed “occupational demand” resulting in overall fewer numbers of immigrants to grow the population. Critics voiced concerns about the effectiveness of such micro-managing of permanent-type immigration (Green and Green, 1999^[23]) but an increasing number of skilled workers nevertheless earned enough points without the aid of “occupational demand” points.

The demographic and labour market goals for immigration policy collided in the 1970s and early 1980s, when the economy went through a series of turbulent

business cycles. Immigration flows expanded and contracted in tune with the business cycle.

Around this time, the first temporary labour immigration programmes started. Already in 1966, the Seasonal Agricultural Worker Program (SAWP) began with the aim of filling immediate – but temporary – labour market needs in the farming industry. It enabled the employment of seasonal workers from Jamaica in Ontario. In the following years, similar programmes were established with ten other Caribbean countries, and most noteworthy with Mexico in 1974. The employer-demand driven programme continues to operate today. Bilateral agreements, which protect workers and ensure they return to their country of origin after the maximum stay of eight months, regulate the programme. Nowadays, the SAWP is one category under the Temporary Foreign Worker Program (TFWP). In contrast to these efforts of attracting low-skilled labour, the Department of Manpower and Immigration started a programme to attract high-skilled temporary workers in 1973. The Non-Immigrant Employment Authorization Program (NIEAP) targeted specific groups of people with specialised skills, including academics, business executives and engineers (Nakache and Kinoshita, 2010_[27]). Today, most of these high-skilled temporary labour immigrants are part of the International Mobility Program (IMP), who do not need to pass a labour market impact assessment (see Chapter 3). Migrant workers admitted under the TFWP and IMP, along with international students, who are allowed to work, constitute the temporary foreign labour force in Canada at present. The introduction of these programmes in the 1960s and 70s constituted a major shift in migration management away from the dual goal of workforce- and nation-building towards using immigration for obtaining temporary, flexible labour.

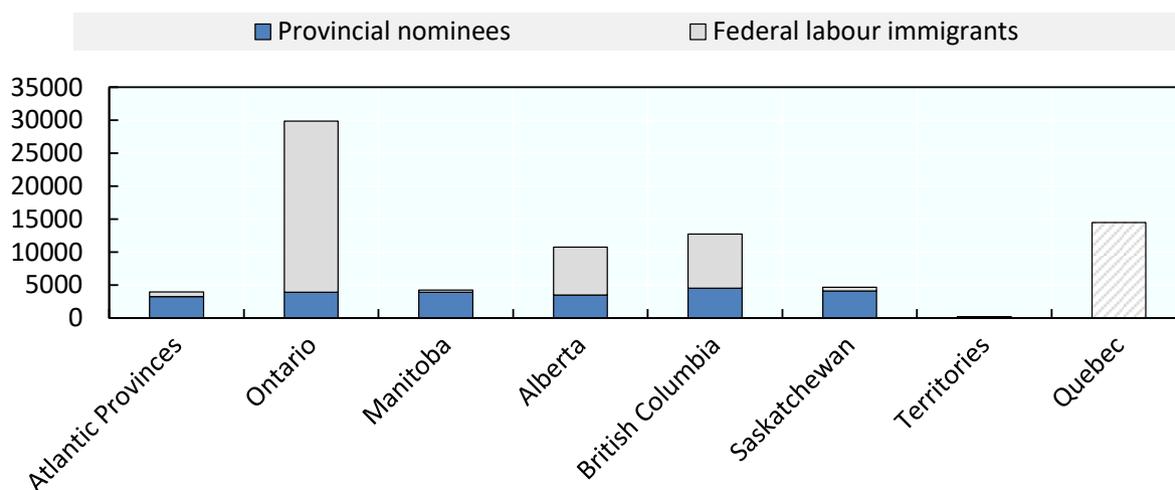
Regionalisation and demographic concerns

After extensive consultation with a joint committee of the Senate and the House of Commons and hearings across the country, Canada passed a new Immigration Act in 1976, which came into effect in 1978. The new Act made changes which had a lasting influence on future immigration policy. Among the – for the first time explicitly stated – policy objectives were demographic goals and the importance of family reunion, ensuring non-discriminatory selection, refugee protection, and fostering the development of a strong and viable economy with prosperity for all regions in Canada (Green and Green, 1999_[23]). The Act defined three immigration streams which continue to be the main categories of immigration to Canada today: economic, family and refugee.¹³

The Act further enabled the federal government to establish agreements with the provinces and territories to govern permanent immigration (see Box 1.2). As of 2019, 11 provinces and territories, all save for Quebec and Nunavut, have signed agreements with the federal government to select (“nominate”) economic immigrants to their province/territory based on regional labour market needs and preferences. Today, the programmes under these agreements comprise the Provincial Nominee Program, a key feature of Canadian immigration policy.

The Provincial Nominee Program enables provinces and territories to select a share of immigrants based on their own labour market needs and regional priorities. Within the federal jurisdiction, the PNP and the federal programmes complement each other in terms of geographic distribution. Indeed, whereas migration through the federal programmes has been largely oriented towards Ontario and in particular Toronto as well as the metropolitan area of Vancouver, and Quebec-selected immigrants mostly settle in and around Montreal, provincial nominees (PNs) have landed in other parts of the country and also outside of the main metropolitan areas. Chapter 4 of this review discusses the regional elements in Canadian labour migration management in more detail.

Figure 1.10. Labour immigrants by province and migration programme, 2017



Source: IRCC, Permanent Residents, July 31, 2018 Data. Data request tracking number: RE-18-0424.

Box 1.2. Regional governance of immigration in Canada and the case of Quebec

For the first 100 years following 1867, Canada's immigration policy was largely the domain of the federal government. Social changes in the 1960s and 1970s challenged this federal monopoly. A movement in Quebec at the time that called for more autonomy encouraged the provincial government to become more involved in a variety of policy areas, including immigration. Previously high fertility rates in Quebec had dropped dramatically after World War II, and there was a perception that federal immigration policy was favouring Anglophone migration to the province. These trends encouraged policy makers to seek more delegated authority from the federal government. Quebec opened its own Ministry of Immigration in 1968 and signed a series of first agreements with the federal government on immigration policy. These agreements were modest in scope at the outset but progressively gave Quebec more opportunity to influence immigration to its province.

To facilitate further agreements of this kind with other regions, the Immigration Act 1976 gave the Minister of Immigration the power to “enter into an agreement with any province [...] for the purpose of facilitating the formulation, co-ordination and implementation of immigration policies and programs”. As a result, other provinces signed a number of agreements with the federal government, but none that enabled provincial governments to actually select immigrants (Seidle, 2010^[28]). This changed in 1991 with the signing of the Canada-Quebec Accord, which gave Quebec the ability to select economic migrants and refugees destined for the province.

This agreement set the stage for other agreements with other provinces and territories signed in the 1990s and 2000s. Indeed, observing the developments in Quebec, other provinces began seeking to negotiate their own immigration agreements in the 1990s. Implications for immigration policies included a risk of programme duplication and coordination concerns. This resulted in the creation of the Provincial Nominee (PN) Class. Starting with a bilateral PN-agreement between the federal government and Manitoba in 1996, it extended to other provinces and territories in subsequent years.

The Canada-Quebec Accord, which still governs immigration to Quebec today, sought to address linguistic, historical and political concerns, in particular the preservation of Quebec’s demographic weight within Canada and the integration of immigrants in Quebec in a manner that respects the distinct identity of the province.

When it comes to division of responsibilities for immigration, the Accord gives Quebec sole responsibility for the selection of all immigrants destined for the province, with the exception of the family class and persons determined to be refugees in Canada.

Economic migrants are selected using provincial selection criteria and a points system, which is similar to the one of the federal government but with a larger emphasis on French language proficiency. The Express Entry system does not manage economic immigration to Quebec. The province has – since 2018 – its own expression of interest system. The federal government establishes national immigration levels in consultation with Quebec and other provinces. The Accord allows Quebec to receive the percentage of total admissions to Canada roughly equal to its share of the Canadian population (currently 23%), with the right to exceed this total by 5%. In recent years, Quebec’s skilled worker programmes accounted for about 20% of all economic immigrants to Canada. Quebec tables a multi-years levels plan every third year and confirms its levels plan on an annual basis.

The federal government retains control over assessing migrants’ admissibility in terms of their health and possible risk to security. It can reject applicants in the final stage if they fail to meet national standards along those lines. Regarding resettled refugees, the federal government builds a pool of refugees it will receive based on its commitments and annual refugee target level. In keeping with its

responsibility to resettle a share of overall refugees each year, which is set out in the Accord, Quebec then selects those refugees who it thinks will best integrate in the province. Migration management for family reunification purposes remains with the federal government, with Quebec being responsible for assessing the sponsors' financial capability (the undertaking). Quebec has responsibility for welcoming migrants and providing settlement support funded through a formula specific in the agreement.

While this review focuses on recruiting immigrant workers to the rest of Canada, the Canadian regions in general and Quebec in particular play a unique role in immigration management. Chapter 4 provides a more in-depth analysis of past developments and current policies. In this review, total numbers for Canada include Quebec, unless stated otherwise.

Introduction of transition pathways for temporary migrants and increase in total intake

Historically, Canada had no formal pathways from temporary to permanent residence. Instead, the system required most temporary residents to return home before submitting a permanent residence application. This was typically via the main entry class at the time: skilled worker. This changed with the introduction of the live-in domestic workers programme in 1981, which evolved into the Live-in Caregiver Program (LCP). This programme not only allowed for onshore transition but also had a clear pathway for such a transition. Initially created to facilitate entry and eventual permanent residence for workers who provide in-home assistance to the elderly, disabled, or young children, the programme offered since its inception in 1992 an almost guaranteed pathway to permanent residence for temporary foreign workers (TFWs) who complete two years (or 3 900 hours) of caregiving work over a limited time period. The LCP was terminated in November 2014 and replaced by two five-year pilots: the Caring for Children Class and the Caring for People with High Medical Needs Class. These have now been terminated and two new pilots, the Home Child Care Provider Pilot and the Home Support Worker Pilot were launched in June 2019 (see Chapter 3).

Around the same time, Canada renewed its interest in the demographic function of immigration. In 1985, a special report to parliament projected that Canada's population would begin to decline by the end of the 20th century due to low fertility rates (Canada, 1985_[29]). The report recommended increasing the number of economic immigrants but not at the expense of family or refugee classes. In response, the government removed the requirement of prearranged employment for economic migrants in January 1986, which had existed since 1982, and allowed total inflows to rise considerably. Total intake grew thereafter from about 85 000 permanent migrants in 1985 to close to 100 000 in 1986, and over 150 000 in 1987 (Green and Green, 1999_[23]). Increases in annual inflows began to level off by 1992 (Figure 1.9). Since the year 2000, the annual permanent immigration intake has been equivalent to about 0.7% to 0.8% of the Canadian population. The present target of 330 800 new permanent immigrants for 2019 is not only a historic high,

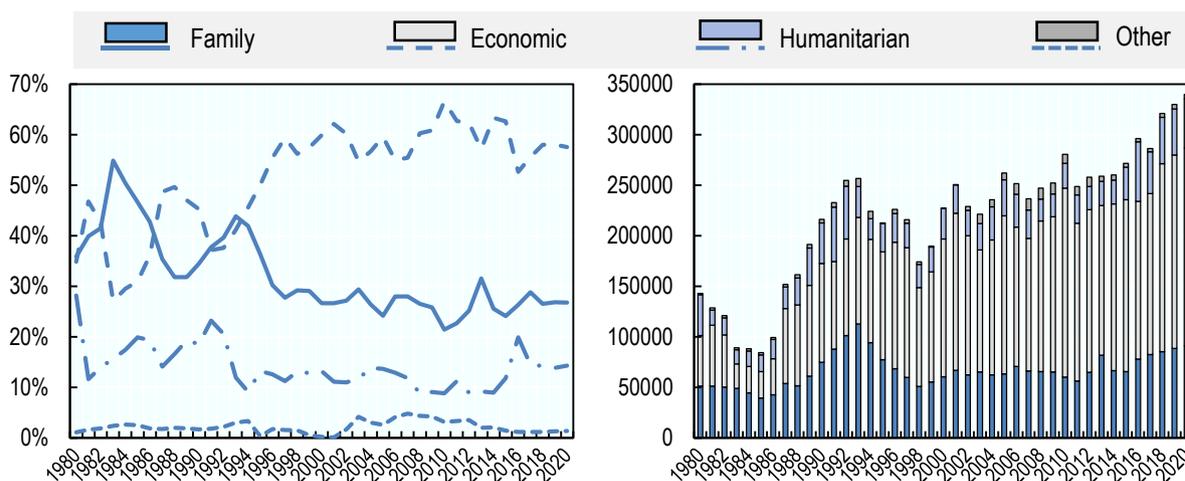
but also an increase of approximately 21% compared to the previous ten-year average.

From demand to supply driven permanent labour migration policies

For decades, the government had tried to micro-manage immigration streams, which expanded and contracted in tune with the business cycle. During the recession in the early 1980s, 55% of Canada's migrants entered via the family stream and only 27% landed as economic immigrants. As the economy picked up in the late 1980s, these figures reversed; the family stream accounted for only 32% of migrants in 1988, while the economic stream made up 50% in that year.

In the 1990s, immigration policy began to move away from this demand-driven approach, which used permanent immigration to fill rather short-term occupational needs, in favour of a more long-term supply-driven policy. The new goal at the time was to maintain Canada's competitiveness and to build its domestic "knowledge economy". The changes increased the proportion of the economic stream, which grew relative to family and refugee streams. From 1991 to 1993, the family and economic classes accounted for an equal share of migrants (around 40%). Afterwards, they diverged greatly, with the economic stream floating around 60% and the family stream accounting for around 30% (Figure 1.11).¹⁴

Figure 1.11. Totals and shares of permanent immigrants by entry stream, 1980-2020



Note: Data for 2018-20 based on 2018 to 2020 Immigration Levels Plan, previous data actual admissions.

Source: OECD Secretariat calculations based on data from IRCC.

A new Immigration Act and application backlogs

At the end of the millennium, the 1976/1978 Immigration Act had been amended over 30 times and lacked coherence and clarity. To address new challenges, gain flexibility and short-term labour needed in specific regions, the Immigration and Refugee Protection Act (IRPA) was enacted in 2002 and remains in force until today.

The IRPA replaced the previous skilled worker policy that had selected most of Canada's economic migrants with the Federal Skilled Worker Class (FSW). The changes included a new points grid that further emphasised education, previous work experience and language ability, and removed occupational points (Begin, Goyette and Riddell, 2010^[30]). This was a shift away from selection based on specific job skills in favour of general human capital. As a result, the education level of principal economic applicants rose in the following years. In contrast to 10% of immigrants holding university degrees in the 1980s, by 2005 around 45% had university degrees. Between 2000 and 2007, 78% of principal applicants to the FSW Class had a university qualification, as well as half of their spouses (Ferrer, Picot and Riddell, 2012^[31]).

While the selection of permanent economic immigrants at the time focused on high levels of human capital, temporary labour migration policy took the opposite path. In 2002, the Low-Skilled Pilot Project¹⁵ was enacted, to respond to employers' demand for temporary low-skilled labour. The programme allowed employers to hire temporary labourers for occupations requiring at most a high school diploma or a maximum of two years of job-specific training. This corresponded to the national occupation skill-level C and D. Permits were issued for up to 24 months, with the potential for extensions, and employers were required to cover recruitment and return airfare costs, ensure suitable accommodation and provide medical coverage.¹⁶ After several reports and criticism from the Canadian that the programme was being used to provide a cheap source of flexible labour rather than its intended use of last resort, the Government of Canada introduced a comprehensive overhaul of the Temporary Foreign Worker Program in 2014, aimed in part at limiting access to the programme and tightening the labour market assessment.

During the 2000s, the demand to immigrate to Canada in most permanent resident programmes began to outstrip the Department's ability to process applications and admit applicants in a timely manner. As a result of the mismatch between interest in immigrating to Canada and the number of admissions approved each year, a backlog of untreated immigrant applications grew in Citizenship and Immigration Canada (CIC), along with lengthening wait times for clients. At the root of this problem was that following 2002, the new IRPA required CIC to process every application to a final decision, even when enough applications had been received to meet approved admissions each year. With respect to selecting skilled workers to support economic goals, these conditions meant that applicants who passed the threshold to apply would have applications processed, regardless whether they met labour market needs. As wait times grew in key skilled worker programmes, the immigration system was criticised for being unfair to clients and unresponsive to labour market needs and unable to prioritise applications.

Ministerial Instructions and the introduction of Express Entry

To combat these developments, the Budget Implementation Act in 2008 amended the IRPA in two important ways. First, the obligation to process all immigration applications received by the Department was removed. Second, a new authority was

created that enabled the Minister to better manage the processing of applications. These so-called “Ministerial Instructions” (MIs) enabled the Minister to prioritise applications, to cap application intake, or even halt the processing of applications in certain categories (CIC, 2008^[32]) as a means of prioritising goals and addressing backlogs.

MIs are used to deal with diverse issues crosscutting permanent and temporary migration policy and limited in legal force for certain periods of time. Section 14.1 of the IRPA allows the minister to issue MIs to create new classes of economic programmes, for up to five years duration. As a result, the ministry started several new classes or replaced earlier existing paths by issuing MIs. In some instances, the ministry used MIs, issued under different authorities (discussed above), to issue caps of application numbers or a total pause of new recipients to a particular class. At other times, entry was limited to certain occupations or a condition of pre-arranged employment required. The fifteenth set of MIs from January 2015 repealed all processing eligibility criteria including the application caps and eligible occupation lists for new applications. Since January 2015, application intake for these three federal permanent economic classes is managed via a new system – Express Entry – which is again primarily governed by Ministerial Instructions.

Express Entry (EE) is a two-step selection system for federal permanent economic migration. Application classes include all federal programmes (see next section for more detail on the different classes). In addition, some Provincial Nominees (PN), who are nominated by the provincial/territorial government, are managed via the system. In general, applicants must first pass core eligibility requirements of one of the federal programmes to submit an Expression of Interest (EoI) and enter an application pool. The system automatically ranks applications based on human capital and other factors through a uniform points system: the Comprehensive Ranking System (CRS). About every second week the ministry issues a MI, which states the absolute number of individuals, not their individual’s points, to receive a so-called Invitation to Apply (ITA) for permanent residence. Individuals in the pool, starting from the highest-ranked candidates until the stated number of intended ITAs is reached, receive an invitation to apply. Depending on the composition of the pool (candidate’s CRS-score¹⁷) a minimum CRS-score is published as well. This CRS-score denotes the minimum points needed to receive an ITA in the given round. Applicants who decline an invitation to apply, or did not receive one, due to their insufficient CRS-score in the given round, remain in the pool for up to 12 months. Applicants who do not react to their invitation are expelled from the pool. As the government defines the number of invitations it issues and not the required CRS-score, the threshold is floating. Until the end of July 2018, the ministry has used this mechanism 95 times, publishing Ministerial Instructions, which state the number of ITA and the resulting minimum needed CRS-scores. The Express Entry system is analysed in detail in Chapter 2 of this review.

The establishment of two major streams of temporary labour migration

Just like permanent labour immigration policy, temporary migration policy has been subject to frequent changes in recent years. One of the main objectives and challenges in managing temporary labour migration is to balance temporary needs of employers while giving priority to Canadians and permanent residents.¹⁸ As growing numbers of temporary labour migrants stayed in Canada for several years, their integration also became a concern.

In 2014, the government restructured the numerous existing temporary labour immigration programmes, dividing them into two streams: the Temporary Foreign Worker Program (TFWP) and the International Mobility Program (IMP).

The difference between these two streams results from their core mandate. The TFWP aims to fill temporary labour and skill shortages. In contrast, the IMP aims at broader economic, cultural or other objectives for Canada, including international exchange. Due to these different objectives, work permits under the TFWP require a Labour Market Impact Assessment (LMIA) while work permits under the IMP are exempt from this obligation.

An LMIA is a document from Employment and Social Development Canada (ESDC)/Service Canada, which verifies an existing need for a temporary worker, and that no Canadian is available to do the job.¹⁹ The employer has to apply for this document and pay the related fee (CAD 1 000) to hire a temporary worker. The LMIA is usually issued with reference to only one specific job and employer. In contrast, an employer who hires a temporary migrant through the IMP only needs to pay an employer compliance fee (CAD 230) and submit an offer of employment form.²⁰ A list with the LMIA exempted occupation codes is available online.²¹ The various existing pathways and programmes for temporary foreign workers are therefore part of the TFWP if they need an LMIA and part of the IMP if they are exempt from this assessment.

Key actors in the management of labour migration to Canada

Immigration is a shared responsibility between the federal and provincial/territorial governments. The main federal hub for most of this activity is Immigration, Refugees, and Citizenship Canada (IRCC).²² In November 2015 the then newly elected Canadian government rebranded the previous department “Citizenship and Immigration Canada” (CIC) formed in 1994 and added the word ‘refugee’ to reflect the commitment to humanitarian immigration to Canada.

IRCC has three core responsibilities: First to facilitate the entry of eligible visitors, international students and temporary workers; second to select permanent immigrants and refugees and manage their integration; and third, to facilitate the international travel of Canadians by issuing passports and travel documents as well as facilitation of permanent residents to become Canadian citizens. Regarding labour immigration, IRCC is responsible for setting Canada’s permanent admission policies and co-operates with provinces and territories that nominate permanent candidates to take part in provincial programmes. IRCC is also responsible for

issuing work permits from within Canada. IRCC also manages most of the data sources on migration, although Statistics Canada also plays an important role in this context (see Box 1.3).

The Canada Border Services Agency (CBSA) conducts the inspection of migrants' health, character, and whether or not they pose a potential security risk at the border on behalf of IRCC and as part of this work assists with the collection of administrative data. The CBSA thus has a say as to whether a foreign worker can enter Canada.

Another important actor in immigration management is Employment and Social Development Canada (ESDC), Canada's department for employment and social programmes. ESDC was established as part of the Economic Action Plan 2013 and is the successor of the Department of Human Resources and Skills Development Canada (HRSDC). As one of the largest departments within the federal government, ESDC contains Service Canada, the Canadian government's main service delivery agency. ESDC/Service Canada is the agency providing Labour Market Impact Assessments (LMIA) to employers and IRCC. IRCC uses ESDC's LMIA as one factor to determine whether it issues a work permit to a foreign national.

A network of over 500 Service Provider Organizations (SPOs), excluding Quebec, funded by IRCC, offer settlement and integration services to all permanent immigrants, including labour migrants and their families. Services include needs assessments and referrals, information and orientation, language training, employment-related services, and community connections. Canadian citizens, temporary residents and asylum claimants are not eligible for these federal settlement services, but they may have access to settlement services funded by some provinces/territories. In 2018-19, the federal government will invest approximately CAD 62 million to support settlement needs.²³ In addition, IRCC plans to spend approximately CAD 6.5 million to experimentation in the areas of settlement and integration service delivery. For example, IRCC will pilot the effectiveness of incentive-based funding models for improving the performance of SPOs.

On the municipal and local level, integration is often managed through partnerships, involving different societal actors including employers. One example of such an independent organisation supporting skilled immigrants' labour market integration is the Toronto Region Immigrant Employment Council (TRIEC). TRIEC engages employers, regulatory bodies, and other community organisations in cross-sector collaboration to integrate skilled immigrants in the labour market of the Greater Toronto Region. TRIEC's Mentoring Partnership whereby skilled immigrants profit from a mentoring relationship to Canadian professionals who share the same occupation has involved 50 employers. Since its launch in 2003, over 60 organisations have joined the Council. A large role of IRCC is to fund, coordinate and evaluate such actions, guided by regional governmental and non-governmental actors.

As mentioned, the provinces and territories also play an important role in the selection of labour migrants, through the provincial nominee programmes. Within the immigration targets set by the federal government, a certain number are set aside

for provincial programmes, which the provinces and territories design and administrate largely independently. However, the federal government checks admissibility requirements and issues the visa. Provinces also play a key role in the recognition of foreign qualifications, as professions are regulated at the provincial level, with varying regulations.

Box 1.3. Data sources on labour migration to Canada

Immigration, Refugees and Citizenship Canada (IRCC) and Statistics Canada, Canada's federal statistics agency, are the two main official sources for data on immigration to and immigrant's labour market outcome in Canada. Co-operation between the two agencies is frequent. IRCC publishes a large amount of migration data on the Government of Canada's Open Government Portal, which is publicly accessible. It further provides broad access to reports and department plans on its website.

Both IRCC and Statistics Canada maintain extensive research and evaluation divisions, which produce reports on migration matters. As a section of Statistics Canada, the Canadian Centre for Data Development and Economic Research (CDER) provides researchers whose projects are approved with secure access to business and economic microdata for analytical research.

The Longitudinal Immigration Database (IMDB) integrates administrative immigration data since 1980, with tax data since 1982. It provides detailed and reliable information on socioeconomic outcomes of immigrants after their admission, such as mobility and employment income, through linkages with the tax files. However, the linkage with tax files implies that the information in the database lags behind by 2-3 years. It connects short- and long-term outcomes with characteristics at admission, such as immigrant admission category, source country and knowledge of official languages. The database also provides information on pre-admission experience in Canada and citizenship acquisition since 2005.

A series titled Facts and Figures lists detailed annual statistical publications on permanent and temporary immigrants, and is updated in regular intervals. Older statistics and reports are accessible on the websites of Library and Archives Canada and the Government of Canada Publications online catalogue.

A new source of data for researches as well as the federal government originates from the Express Entry system itself. The Express Entry pool contains information on the characteristics of interested potential labour immigrants who passed the minimum requirements for one of the core permanent migration programmes but have not yet submitted their application.

Another valuable source of data is the Canadian Census, which takes place every five years with mandatory participation. To evaluate a migration management system it is important to look at the outcome of those migrants selected

themselves for their potential to make an economic contribution, typically referred to as labour immigrants or principal applicants in this publication. In contrast, data in most official Canadian publications combines labour migrants themselves and their accompanying family members into the category economic immigrants.

Composition of labour migration to Canada

Permanent labour migration

To plan how many permanent labour migrants the country admits annually, Canada sets an overall immigration range in an immigration levels plan, which is a rolling three-year plan since 2017 (see Table 1.2 and Chapter 2 for discussion). It includes target levels for each immigration stream (economic, family, refugee) and the classes and programmes that make up these streams.

Table 1.2. Canada’s immigration levels plan for economic immigration, 2019-21

| | 2019 | | | 2020 | | | 2021 | | |
|-----------------------|------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| | Low | Target | High | Low | Target | High | Low | Target | High |
| Federal High Skilled | 76 000 | 81 400 | 86 000 | 81 000 | 85 800 | 88 000 | 84 000 | 88 800 | 91 000 |
| Economic Pilots | 9 000 | 16 000 | 20 500 | 6 000 | 9 000 | 12 000 | To be determined | | |
| Federal Business | 500 | 700 | 1 500 | 500 | 700 | 1 500 | 500 | 700 | 1 500 |
| Provincial Nominee | 57 000 | 61 000 | 68 000 | 62 000 | 67 800 | 71 000 | 67 000 | 71 300 | 74 000 |
| Quebec Economic | To be determined | | | | | | | | |
| Total Economic | 174 000 | 191 600 | 209 500 | 181 000 | 195 800 | 206 000 | 189 000 | 202 300 | 212 000 |

Note: Economic immigration includes spouses and dependants of principal labour applicants. Economic Pilots includes Caregivers (and legacy programmes such as the terminated Live-in Caregiver Program) as well as the Atlantic Immigration Pilot Program and other envisioned programmes. National targets for 2020 and 2021 will be confirmed by November 1 of each year.

Source: (IRCC, 2018^[33]).

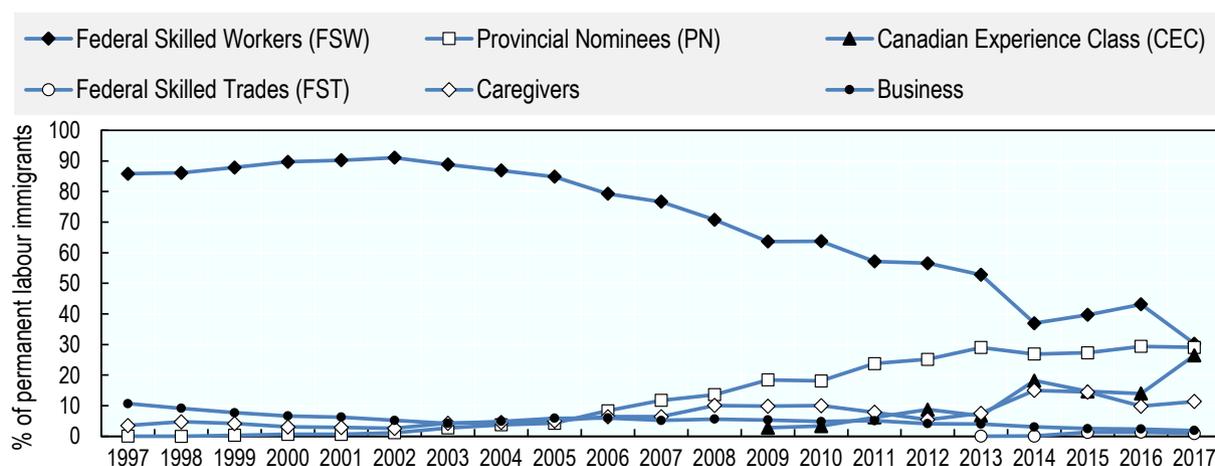
Over the last decade, the number of economic entry classes increased. At present, economic immigrants can apply to migrate to Canada permanently as part of one of the following immigration programmes/classes:

- Federal Skilled Workers (FSW)
- Canadian Experience Class (CEC)
- Federal Skilled Trades (FST)
- Provincial Nominee Program (PNP)
- Home Child Care Provider Pilot and the Home Support Worker Pilot
- The Atlantic Immigration Pilot Program
- Start-up business class
- Self-employed persons class

The relative importance of these classes, and their evolution over time, is shown in Figure 1.12. Labour immigrants who plan to live in Quebec need to apply to the Quebec Economic Classes. In addition, some previous applicants continue to land in Canada under the following three programmes that have been terminated: Live-in Caregiver Program (LCP), Investors, Entrepreneurs and self-employed persons.

While the admission criteria of the main programmes and the main issues concerned are analysed in-depth in subsequent chapters (Chapter 2 for the permanent federal economic programmes, Chapter 3 for the dual-intent caregiver programmes, and Chapter 4 for the provincial programmes), the following provides a brief overview.

Figure 1.12. Share of permanent labour immigrants by economic entry class, 1997-2017



Source: *OECD International Migration Database* (<https://stats.oecd.org/Index.aspx?DataSetCode=MIG>).

Since its inception, the points-based Federal Skilled Worker (FSW) class²⁴ has been the key entry channel, accounting in the 1990s and early 2000s for 80-90% of the total intake, though its importance has been significantly declining, largely due to the introduction of alternative programmes, including the Provincial Nominee Program and the Canadian Experience Class. By 2017, only 30% of all labour immigrants, about 24 500 principal applicants, landed via this programme. Admission through the FSW is based on a range of criteria such as language, education, work experience, and age.

As mentioned, Canada's Provincial Nominee Program (PNP) aims to share the benefits of immigration across the country by enabling provinces and territories to nominate labour immigrants for specific skills needed to meet regional labour market needs and support regional economic priorities. It has significantly increased since its introduction in 1996, largely through reduced admissions in the FSWP, although growth has tapered off since 2013. In 2017, about 23 500 labour immigrants, 29% of the total, landed in Canada as PNs. Today all regions in Canada, apart from Nunavut territory and Quebec, have agreements with the federal government to nominate labour immigrants as PNs. Following the establishment of

Express Entry, a share of Provincial Nominees applications is managed via the new system for those who meet the entry criteria of one of the federal programmes. Herein, they receive a high number of points – half of the maximum total – for a provincial nomination, ensuring their timely selection.

Amendments to the IRPA in 2008 introduced the Canadian Experience Class (CEC) as an addition to the existing economic entry programmes. The CEC aims to provide a pathway for individuals with Canadian work experience, including international graduates from Canadian educational institutions. The programme originally comprised a student and a worker stream, but the two streams were merged in 2013. Currently, all CEC applicants are required to have 12 months of Canadian work experience within the 36 months prior to applying in a NOC level 0, A or B (managerial, high-skilled or skilled) occupation. The programme thus selects migrants with some prior attachment to the Canadian labour market. In 2017, over 21 000 principal applicants were admitted through the CEC, 26% of all labour migrants.

Introduced through regulations, the Federal Skilled Trades (FST) Class began accepting applications in January 2013, using Ministerial Instructions to cap the number of accepted applications. Established to facilitate the migration of skilled tradespeople to Canada, it addresses labour shortages in a range of trade occupations. The FST Program provides a permanent path to residence for individuals with qualifications/work experience in selected trades which require lower levels of formal education than most other skilled occupations. To be eligible for the FST Program, immigrants must have a full-time employment offer for at least one year, or a certificate of qualification in that skilled trade issued by a Canadian provincial or territorial authority. In addition to meeting the job requirements (as defined by the NOC), applicants must prove at least two years of work experience in their intended occupation within the last five years and meet the required language levels in English or French. Since 2015, Express Entry manages and selects applicants for the FST class. However, in 2017, only 745 individuals landed in Canada as principal applicants through this class, comprising less than 1% of all labour immigrants.

Candidates often qualify for more than one programme, and with the introduction of Express Entry, the lines between the different programmes have become further blurred. Prior to March 9, 2016, candidates invited to apply for permanent residence in more than one class – for instance under the FSW or the CEC – received an invitation to apply as FSW. After this date, individuals who qualify for both classes were invited as CEC which explains the strong growth in 2017 (Figure 1.12).

The category *Caregivers* includes admissions under the legacy of the Live-in Caregiver Program (LCP) and its two successor pathways. The LCP was a temporary foreign worker programme that by design provided a direct pathway to permanent residence; i.e. it was dual intent. Upon the completion of two years full-time work in a caring occupation, individuals could apply for permanent residence under the LCP. A requirement of the programme was that caregivers resided with the family they worked for, and if they decided to live-out, they lost their eligibility

to apply for permanent residence as a live-in caregiver. Reforms to the LCP in 2010 made it easier for temporary workers to achieve residence requirements. Applicants were allowed to use overtime hours to meet the two-year work requirement and the timeframe for completing this requirement was extended from three to four years. To help prevent workplace exploitation and abuse, the live-in requirement was removed under the 2014 programmes. Under the 2014 programmes, foreign national caregivers enter Canada as all other temporary foreign workers. Unlike the former LCP, they are not assessed for their ability to economically establish as permanent residents (e.g. official language, education) at the temporary stage. Interested temporary foreign worker caregivers can apply for permanent residence after they obtain the relevant work experience, if they meet all applicable permanent residence requirements. In this way, the 2014 programmes were modelled on the Canadian Experience Class, which requires Canadian work experience. However, in contrast to the other economic permanent residence classes discussed above, caregivers are not processed via Express Entry. As for all economic pilots, no more than 2 750 applications can be processed annually under each of the 2014 pilot programmes. The 9 200 labour immigrants admitted under the 2014 classes and legacy of the LCP made up close to 11% of all new permanent labour immigrants to Canada in 2017. As five-year pilots, the Caring for Children Class and the Caring for People with High Medical Needs Class have been replaced by two new caregiver immigration pilots in June 2019.

In March 2017, IRCC launched a pilot programme with a regional focus: The Atlantic Immigration Pilot (see Chapter 4 for a discussion) which started as part of the Skilled Workforce/Immigration pillar of the Atlantic Growth strategy, to support economic growth in Atlantic Canada. As a joint federal-provincial pilot, it addresses regional needs and tests new approaches to immigration and settlement. Until the end of 2021, it provides an expedited pathway to permanent residence in these provinces, including for workers in intermediate skilled occupations, together with settlement support. All applicants need a job offer in order to meet the eligibility requirements as well as a provincial endorsement before submitting an application to IRCC. The programme targets up to 7 000 applicants in total until 2020, and is not processed via Express Entry. Instead, designated employers recruit from abroad and from within Canada among temporary residents. Prospective candidates then need to undergo a needs assessment and a settlement plan from a Service Provider Organisation (SPO).

In addition, a small share (less than 2% in 2017) of permanent labour immigrants lands in Canada every year as business immigrants. Individuals are currently admitted via the Self-Employed Program and the Start-Up Visa Class for entrepreneurs, which started in March 2013. The previously existing business programmes, namely the Immigrant Investor Program and the Federal Entrepreneur Program, had been active for more than three decades but there were concerns about fraud and limited economic benefit to Canada (Ali, Ali and Bauder, 2014^[34]).

Each of the business classes has different eligibility requirements. In general, they demand proof of applicants' ability to establish themselves economically and provide benefits to Canada through entrepreneurial activity or self-employment.

Business immigrants are managed outside of the Express Entry system, and due to their small number they are not in the focus of this labour migration review.

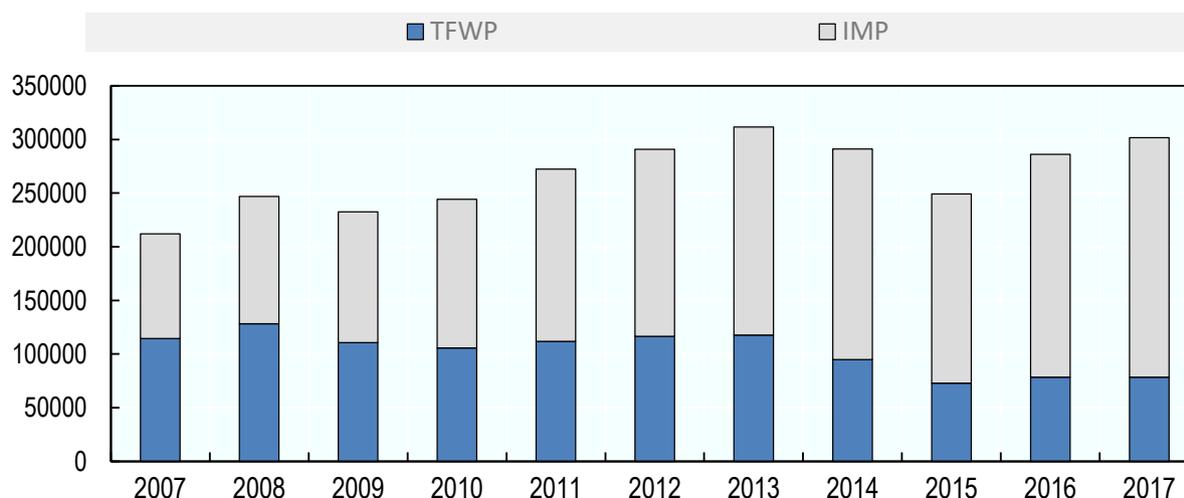
Temporary labour migration

Canada is also a major destination for temporary labour immigrants. These immigrants come to Canada for different purposes and durations. This review regards temporary migrants who come for work purposes and international students, as the latter are allowed to work in Canada part-time during academic season and full-time during academic breaks. Links between the two categories are strong. Many students work part-time off-campus or extend their stay to work in Canada upon graduation. Moreover, some individuals take up studies after having worked in Canada temporarily.

In order to work in Canada legally, temporary labour immigrants require either a valid work or a study permit, respectively. Since administrative changes in 2014, the various streams of temporary labour migration are grouped under two umbrella programmes: the Temporary Foreign Worker Program (TFWP) and the International Mobility Program (IMP). Formally, the distinction between the two programmes is whether temporary labour migrants do or do not need a Labour Market Impact Assessment (LMIA) for their work permit.

Both TFWP and IMP encompass various programmes and agreements, with varying preconditions and operating procedures. The TFWP includes individuals at all skill levels, with a significant portion working in agriculture, including in seasonal jobs such as via the Seasonal Agricultural Workers Program (SAWP). Individuals coming to Canada via the IMP include participants of International Experience Canada (IEC), a working holiday programme for young people, or beneficiaries of international agreements, which include mobility provisions such as the Canada-EU Trade Agreement (CETA). Work permits for intra-company transfers and post-graduate employment are also part of the IMP, as well as spouses of skilled workers and some researchers. Over the last decade, the number of work permit holders in the IMP increased significantly. Since 2007, their number has more than doubled, while the number of TFWP declined by over 30%.

Figure 1.13. Work permit holders for work purposes by programme and year in which permits became effective, 2007-17



Note: In 2014 the Off Campus Work Permit for students was terminated.

Source: IRCC Temporary Residents. Data request tracking number: RE-19-0313.

Temporary workers can apply for an extension of their work permit from within Canada before their current permit expires and are allowed to continue working until a decision is made. Since 2016, there is no set limit to the duration that individuals can work in Canada as a temporary worker, so people can in principle renew their temporary work permits indefinitely if the respective visa allows for this. At the end of 2016, most TFWP work permit holders were citizens of the Philippines (29%), Mexico (16%) and Guatemala (8%) – with the latter two mainly in seasonal agriculture. By contrast, at the end of the same year, most of the IMP work permit holders were citizens of India (16%), China (13%) and the USA (12%).

Finally, Canada is also a popular destination for international students. According to OECD standardised data, the number of residence permits issued to international tertiary-level students more than doubled over the 2008-16 period, the strongest increase among all settlement countries (OECD, 2018_[35]). Since 1 June 2014, international students with a valid study permit can work off-campus for up to 20 hours per week during academic terms or full-time during academic breaks without an additional work-permit. Hence, the off-campus employment programme, an LMIA-exempt work permit for international students and as such part of the IMP, was terminated. This policy change is the reason for the slight decline of permits under the IMP following 2013. In addition, previous students can obtain post-graduation work permits after completion of their studies. The top source countries for international students in 2017 were India (27%), China (26%), the Republic of Korea (5%) and France (5%).

Notes

¹ In this review, the term “labour migrant” refers to individuals who apply to one of Canada’s economic classes of permanent migration (principal applicants) or who arrive under one of the temporary labour migration categories (see Chapter 3). The term “economic migrant” refers to permanent labour migrants and their accompanying family.

² Permanent immigrants in Canada are often referred to as “landed immigrants”. Landing is not the same as first arrival or arrival in Canada but the point of (transitioning to) becoming a permanent resident.

³ An interim review preceded this edition (OECD, 2016^[37]).

⁴ That is, landing as PNP and CEC.

⁵ Admissions under the FSW catch up to those of the PNP after five to six years and in the following exceed their earnings.

⁶ In Canadian official statistics, also applied in the COPS analysis, skill-levels are generally defined as the amount and type of education and training required to enter and perform the duties of an occupation. The National Occupational Classification (NOC) established a typology of five broad skill level categories: 1) management occupations (sometimes denoted as skill-level 0); 2) skill-level A, which includes occupations usually requiring university education; 3) skill-level B, which includes occupations usually requiring college education or apprenticeship training; 4) skill-level C, which includes occupations usually requiring secondary school and/or occupation-specific training; and 5) skill-level D, which includes occupations for which on-the-job training is usually provided.

⁷ The job vacancy rate represents the number of job vacancies expressed as a percentage of labour demand; that is, the sum of all occupied and vacant jobs.

⁸ For an analysis of mobility within Canada see Chapter 4 of this report.

⁹ Initially called the British North America Act.

¹⁰ Preferred countries included Britain, the United States, the Irish Free State, Dominion of Newfoundland, Australia, and New Zealand.

¹¹ Order-in-Council, October 1st, 1967, PC 1616.

¹² Australia was next to adopt a point system in 1979, followed by New Zealand in 1991 and the United Kingdom in 2002.

¹³ The 1976 Act committed Canada to accept a number of refugees every year and not just in emergencies as had been previous practice.

¹⁴ Many migrants enter Canada through humanitarian and family streams. While many of them participate in the labour force, they are selected for reasons other than their potential economic contribution. Therefore, these migrants are not included in this review of labour migration.

¹⁵ The official name of the programme was Pilot Project for Occupations Requiring Lower Levels of Formal Training.

¹⁶ Similar requirements currently apply for the seasonal agricultural programme.

¹⁷ The CRS-score (Comprehensive Ranking System) is sometimes referred to as the ITA-score (Invitation to Apply).

¹⁸ Permanent residents are considered part of the Canadian workforce. Indeed, permanent residents have virtually all rights and duties of Canadian nationals, apart from active and passive voting rights and the unlimited right to return.

¹⁹ Permanent economic immigrants, who want to receive points for a job offer, and whose job is not LMIA-exempt also require an LMIA. The former name of the LMIA was Labour Market Opinion (LMO).

²⁰ In addition, the foreign worker has to pay a CAD 155 work permit fee.

²¹ <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/foreign-workers/exemption-codes.html>

²² IRCC's mandate (as CIC's before) originates from the Department of Citizenship and Immigration Act of 1994. In addition, the Immigration Minister is responsible for the Citizenship Act of 1977 and shares responsibility with the Minister of Public Safety for the Immigration and Refugee Protection Act (IRPA) of 2002 (IRCC, 2016).

²³ This figure excludes Quebec, as the provincial government is responsible for reception and integration services for permanent residents supported by a separate grant.

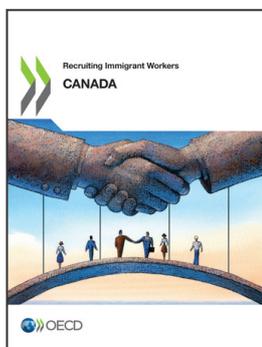
²⁴ The words «class» and «programme» are used interchangeably in the Canadian context and also in this report.

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