



Recruiting Immigrant Workers

CANADA



Recruiting Immigrant Workers: Canada 2019

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Foreword

This review of Canada's labour migration policy is the tenth in a series conducted by the OECD Secretariat as a follow-up to the 2009 High Level Policy Forum on International Migration. The rationale for this initiative was the recent growth in labour migration observed in many countries and the likelihood that recourse to labour migration would increase in the context of demographic ageing. Prior to the global economic crisis of the late 2000s, many countries had made substantial changes to labour migration policies with a view to facilitating recruitment from abroad. With the introduction of these changes, more prominence was accorded to the question of their effectiveness, and more broadly to the objectives of labour migration policy in general. Although the economic crisis put a damper on labour migration movements, it did not stop them entirely, and interest in labour migration policy is unlikely to diminish in the near future.

The central objective of labour migration policy is to help meet those labour market needs which cannot be satisfied through tapping domestic labour supply in a reasonable timeframe, without adversely affecting the domestic labour market and without hindering development prospects in vulnerable origin countries. Although the objective itself can be easily stated, specifying the criteria for assessing the success of policy in achieving it is a complex matter. It involves evaluating how well labour market needs have been identified and whether migration has had an impact on the labour market, both of which are analytically difficult.

This series of reviews addresses the question of whether labour migration policy is effective in meeting labour market needs without adverse effects, and whether the policy is efficient. To address these questions, this review aims to analyse two key areas: i) the labour migration system and its characteristics, in terms of policies in place and the labour migrants who arrive; and ii) the extent to which it is responding to the current and forecasted needs of the domestic labour market, as well as any impact on the latter.

Canada faces a similar discussion as other OECD countries regarding the capacity of its labour migration policy to meet current but also unknown future skill needs. It is in this context that Canada requested the OECD review its labour migration policy. Since 2015, Canada introduced a federal expression of interest system (Express Entry) for the selection of permanent high-skilled labour migrants, overhauled its temporary foreign worker programme, piloted new immigration programmes and enhanced the role played by provincial and territorial governments in labour migration management.

Canada is a nation built on immigration and immigration is also key to maintaining a high-skilled workforce in Canada. This review assesses the performance of the

new permanent labour migration system in international comparison, following its first years of operation. It also considers the role of temporary migration policy in the specific context of a country with a large permanent migration system. Finally, it looks at the possibilities of provinces and territories to select migrants, the characteristics of the latter, and the impact of this selection in a country where all permanent labour migrants enjoy nationwide mobility.

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Acronyms and abbreviations

AIP	Atlantic Immigration Pilot
CAQ	Certificat d'Acceptation du Québec
CBSA	Canada Border Services Agency
CDER	Canadian Centre for Data Development and Economic Research
CEC	Canadian Experience Class
CETA	Canada-EU Trade Agreement
CIC	Citizenship and Immigration Canada
CLB	Canadian Language Benchmark
COPS	Canadian Occupational Projection System
CRS	Comprehensive Ranking System
CSQ	Certificat de Sélection du Québec
ECA	Education Credential Assessment
EE	Express Entry
Eoi	Expression of Interest
ESDC	Employment and Social Development Canada
FQR	Foreign Qualification Recognition
FSTP	Federal Skilled Trades Program
FSWP	Federal Skilled Worker Program
GSS	Global Skills Strategy
GTS	Global Talent Stream
HRSDC	Department of Human Resources and Skills Development Canada
IEC	International Experience Canada
IELTS	International English Language Testing System
IMDB	Longitudinal Immigration Database
IMP	International Mobility Program
IOM	International Organization for Migration
IRCC	Immigration, Refugees and Citizenship Canada
IRPA	Immigration and Refugee Protection Act
ITA	Invitation to Apply
JVWS	Job Vacancy and Wage Survey
LCP	Live-in Caregiver Program
LMIA	Labour Market Impact Assessment
MI	Ministerial Instruction
MIDI	Ministère de l'Immigration, de la Diversité et de l'Inclusion (Québec)
NCLC	Niveaux de compétence linguistique canadien
NIEAP	Non-Immigrant Employment Authorization Program

NOC	National Occupation Classification
NZQF	New Zealand Qualifications Framework
PA	Principal applicant
PBS	Points-Based System
PEQ	Programme de l'expérience québécoise
PN	provincial nominees
PNP	Provincial Nominee Program
PRTQ	Programme régulier des travailleurs qualifiés (Quebec Skilled Worker Program)
SAWP	Seasonal Agricultural Worker Program
SD	Spouses and dependents
SPO	Service Provider Organizations
TEF	Test d'évaluation de français
TFWP	Temporary Foreign Worker Program
TOEFL	Test of English as a Foreign Language
TRIEC	Toronto Region Immigrant Employment Council

Executive summary

Canada has not only the largest in terms of numbers, but also the most elaborate and longest-standing skilled labour migration system in the OECD. Largely as a result of many decades of managed labour migration, more than one in five people in Canada is foreign-born, one of the highest shares in the OECD. 60% of Canada's foreign-born population are highly educated, the highest percentage OECD-wide. A broad range of settlement services for labour migrants and their families, both pre- and post-arrival, complement the system and overall integration outcomes of migrants and their native-born children are better than in most other OECD countries. Against this backdrop, Canada is widely seen as a role model for successful migration management.

Canada's permanent migration system is based on a rolling three-year plan, with an annual intake of over 320 000 individuals in 2018, about 0.9% of its population. The plan balances economic migration – labour migrants and their families – with family and humanitarian migration, serving a broad range of economic, demographic and humanitarian objectives. Intake planning for labour migrants – which together with their families account for almost 60% of the total – includes a range of annual admissions for the total and the main category, and sets targets for federal and regionally selected migrants.

In 2015, Canada introduced Express Entry, a dynamic two-step “Expression of Interest” system for labour migration. The new system for permanent labour migration selects among eligible candidates from a pool about every other week, inviting the highest ranked candidates to apply for permanent residency until reaching a pre-defined number of invitations. To enter the pool, candidates must meet various minimum criteria for one of three federal programmes managed by the system. If successful, they are ranked against one another based on a comprehensive ranking system. A unique feature of the Canadian model, in contrast to other Expression of Interest systems in New Zealand and Australia, is the degree of refinement in the ranking system. This allows consideration of positive interactions of skills, such as that between language proficiency and the ability to transfer foreign qualifications to the Canadian context. The system is built on an in-depth assessment of the drivers of outcomes of previous migrants.

Canada is highly reactive to new developments, and changes in policy governing migration are not only rather frequent but also more strongly evidence-based than elsewhere. For example, monitoring the composition of invited candidates following the implementation of Express Entry has already led to two major reforms of the system. These reforms addressed several initial shortcomings, such as the too high points attributed for a job offer, which led to a high intake of lesser-skilled migrants working in the hospitality sector. The system now puts more value on

human capital factors (e.g. education, knowledge of English and/or French) as these are related with better labour market outcomes. Policy innovations build on a strong foundation of in-house research and evaluation of programmes and outcomes, coupled with one of the most comprehensive data infrastructures on migrants in the OECD.

The Express Entry system selects not only those with the highest potential, but also allows for ministerial discretion to address political priorities in selection, for example by providing bonus points. However, as many candidates are clustered in a narrow range of points, slight changes in points allocation can drastically alter the selection. Ministerial discretion should thus be used parsimoniously and be evidence-based, with transparency about the underlying objectives.

A key issue in the system is that requirements for pool entry differ from the criteria used in the universal points' allocation within, and thus selection from, the pool. The three programmes currently managed via Express Entry were designed prior to its implementation, and the entry criteria for the pool are thus not well-aligned with its selection criteria. There are also some inconsistencies in the system, with candidates from the mostly onshore Canadian Experience Class being eligible with lower language skills than those coming from abroad through the Federal Skilled Worker Program. What is more, there are very few admissions through the Federal Skilled Trades programme, with cooks accounting for a large part of these. Most tradespeople are admitted through other streams, and the programme currently mainly serves migration in a few occupations where shortages are not necessarily present, which contrasts with its original objectives. Providing for a single entry grid based on the core criteria for ultimate selection would simplify the system and ensure common standards.

In an admission system such as Canada's, which places heavy emphasis on formal qualifications through its points allocation, a key challenge is the recognition of foreign qualifications, and this challenge is exacerbated by the country's federal nature. Recognition is a provincial competence, and provinces have different practices. This is a particular issue in 'regulated occupations', such as doctors and nurses, where licensing is required for the exercising of the profession. While Express Entry candidates have their language proficiency tested and their foreign education certified prior to their selection, quite often an assessment – and potential upgrading – of occupation-specific qualifications is still necessary. These issues can lead to a situation where migrants are selected based on their skills but in reality cannot then exercise them. To this end, in addition to better informing potential migrants about this issue, Canada should further enhance communication and data sharing among the different stakeholders involved and add incentives within the system itself to encourage migrants to initiate the licensing process before landing and/or introduce a specific visa for foreign credentials' recognition.

A distinguishing feature of the Canadian system is its clear separation of permanent and temporary labour migration streams. However, over the past decade, the share of onshore transitions among total admissions has increased two-fold, and these now account for about half of new labour migrants. This share is likely to increase

further due to the continuously growing role of provinces and territories in selecting migrants – who in about three-quarters of cases select those already in Canada – as well as the Express Entry system, which rewards previous Canadian study, in addition to Canadian work experience.

An exception to the clear separation of temporary and permanent migration is the caregiver programme, which has a built-in two-step form of migration, making it very attractive for caregivers compared with provisions in other countries. However, most caregivers in Canada leave the occupation within a few years after admission for permanent residence, as the latter allows for occupational mobility. A longer required residence prior to transition could thus be considered as an option for limiting the need for constant high intakes in this category.

The number of temporary foreign workers is increasing, though this group contribute a smaller share to the labour force (about 1.1%) than in other settlement countries. Temporary labour migration is constituted of two streams. The first is the Temporary Foreign Worker Program, which admits foreign workers to meet specific shortages in the labour market, is rather tightly managed and labour market-tested. The burdensome procedure for temporary labour migration, especially for those migrants who are paid above the provincial average, encourages labour migration that might otherwise be temporary to pass through permanent streams. In addition, there are no facilitations for renewal of permits. Although the recent implementation of Canada's new Global Skills Strategy provides simpler and faster procedures for some subgroups, the overall set-up remains complex and simplification should be considered, notably for renewals.

The second component is the International Mobility Program, which admits temporary migrants with work rights, primarily for a range of other objectives mostly associated with international business and co-operation, such as youth mobility schemes and intra-corporate transfers, as well as post-graduate employment. Whereas the tightly managed Temporary Foreign Worker Program has continuously declined over the past decade, there has been strong growth in such international mobility. In contrast to the Temporary Foreign Worker Program where most permits are employer and occupation-specific, the bulk of beneficiaries of international mobility obtain open work permits and information on their intended occupation and destination is often missing. This hampers both monitoring and assessment of the labour market impact. First steps toward better monitoring have been taken, and it is important to continue along those lines.

However, the single largest and fastest growing component of international mobility is the international graduates group, who work under a post-graduation permit. Initial permits to these individuals have increased five-fold over the past five years. Indeed, among major OECD recipient countries, Canada has been the fastest growing destination for international students, whose numbers almost tripled between 2008 and 2018. International students can work during their studies and stay for up to three years in the country on a post-graduation permit. Due to the requirement of at least one year of skilled work experience for admission, direct

transitions from international students to permanent residency are rare, but later onward transitions are increasingly common.

Permanent labour migration is a shared responsibility between the federal and the provincial and territorial (PT) governments. The increased role played by provincial and territorial governments in selection and integration has resulted in a more balanced geographic distribution of permanent labour migrants across the country over the past two decades. As permanent migrants enjoy free mobility across Canada, the rather high retention rate of PT-selected labour migrants and their different skill profile suggest that PT-streams are indeed complementary to the federal programmes. What is more, short-to-mid-term labour market outcomes of PT-selected migrants to date tend to be largely favourable, with a few exceptions. However, given the large growth in PT-selected migration and the fact that some programmes are not very selective (with some evidence that the less successful migrate to other provinces) a continuous monitoring seems warranted to be able to react if the current rather favourable assessment were to change.

In addition to their own programmes, PTs can also nominate a certain number of migrants from the Express Entry pool, ensuring their timely selection and priority processing. A way to ensure that selection of provincial nominees remains consistent with overall Canadian skill needs would be to direct future growth in the programme through Express Entry. In turn, a provincial temporary foreign worker pilot should be considered. This would allow PTs to better respond to regional cyclical or seasonal labour needs that are currently not met otherwise, without the need to resort to permanent migration through provincial nomination.

Most of the provincial nominees – like their federally selected counterparts – settle in metropolitan and agglomeration areas, a development that Canada is currently addressing with a new rural community-driven programme, with an accompanying whole-of-family approach to integration, designed to enhance retention. Indeed, Canada has been at the forefront of testing new, holistic approaches to manage labour migration and to link it with settlement services, especially in areas with demographic challenges such as the Atlantic Provinces. The Atlantic Immigration Pilot, for example, provides a rather holistic approach by linking attraction and retention through measures such as six-month priority processing, support for employers, and significant settlement support for the entire family with personalised settlement plans.

In summary, Canada has been largely successful in managing labour migration. Core to this success is not only the elaborate selection system itself, but also the innovation and infrastructure around it, which ensures constant testing, monitoring and adaptation of its parameters. This includes a comprehensive and constantly improving data infrastructure, the capacity to analyse such data, and subsequent swift policy reaction to new evidence and emerging challenges.

Assessment and recommendations

Canada has the largest and longest-standing skilled labour migration programme...

Among OECD countries, Canada has the largest permanent labour migration intake in absolute terms and the third largest (after New Zealand and Australia) relative to its population. In 1967, it was the first country to introduce a points-based system for the selection of labour migrants. Such a system allows not only a selection of skilled labour migrants based on a range of varied criteria, but also a trade-off and weighting between different characteristics.

...and the highest educated immigrant population in the OECD

Although less than one in three new permanent migrants to Canada are directly selected as labour migrants, accompanying family members and subsequent family migration also tend to be relatively skilled. As a result, a full 60% of Canada's foreign-born population are highly educated. This is the highest share in the OECD.

Labour migration meets both demographic and economic objectives and is carefully balanced with family and humanitarian migration courtesy of a rolling three-year plan

Labour migration is only one component of the overall migration mix to Canada, and its intake is carefully balanced with family and humanitarian migration. The overall migration levels are determined and weighed against each other in a plan that takes into account a broad range of objectives, including economic needs and development, population concerns, requests for family reunification and humanitarian considerations. Starting 2018, the previous annual plan was replaced by a rolling three-year plan, where a new third year is added each year, with a range of annual admissions in each category and sub-category. This procedure allows not only for balancing multiple objectives across a rolling three-year timespan, but also enables advance planning and adaptations of migration management infrastructure and settlement services.

Most indicators and research suggest that labour migration has been largely beneficial to Canada

Given the high-skilled nature of much of immigration to Canada, it is not surprising that most indicators of integration are favourable in international comparison. Public acceptance of migration is high, and both labour market and social inclusion is relatively successful. Research also suggests that immigration to Canada has supported growth (including on a per capita basis) and innovation.

Policy-based research and consistent monitoring of outcomes are key strengths of the Canadian system, coupled with ongoing experimentation in new techniques

One key feature of the Canadian approach to labour migration is its reactivity to changing circumstances and new evidence. Indeed, changes to the migration management system – including to the selection factors – are rather frequent. To this end, Canada has built one of the most comprehensive data infrastructures on the characteristics and outcomes of migrants, thereby allowing for observation of migrants and their situation over time. The country also continuously tests out and implements new approaches to labour migration, such as, for instance, engaging with local communities and employers in the recruitment and settlement process.

The new two-tiered Express Entry system for selection of migrants based on expressions of interest has greatly improved the management of labour migration

The most impactful recent innovation has been the introduction of a new two-step “Express Entry” system for the selection of permanent labour migrants in 2015, following the examples of New Zealand and Australia. This system is based on an initial expression of interest of eligible candidates who form a pool from which selection is made. The selection is typically made approximately every fortnight, based on a universal points’ grid, which ranks the candidates and the highest-ranked from the pool are then chosen. All candidates in the pool must meet the minimum entry criteria for one of the three federal programmes managed by Express Entry (that is, Federal Skilled Workers, Canadian Experience Class, or Federal Skilled Trades). They remain in the pool for a maximum of 12 months. This system is a great improvement compared to the previous, which obliged the government to process all applications meeting the minimum threshold requirements, thereby resulting in a large backlog.

Express Entry is the most elaborate selection system in the OECD

A unique feature of the Canadian model, in contrast to the other Expression of Interest systems in New Zealand and Australia, is the allocation of points along a continuum, with a maximum of up to 1 200 points. This allows for a more refined selection of labour immigrants than in peer countries. A second innovative characteristic of the ranking system are points allocated for “interactions” of skills. For example, research has shown that foreign work experience can only be “transferred” well to the Canadian context – and hence only granted points – if the candidate also has a good knowledge of one of the national languages.

There is significant ministerial discretion, which should, however, be used parsimoniously

The current set-up allows significant ministerial discretion to address political priorities in selection, for example, the chances of a candidate with certain characteristics being drawn from the pool may be increased by awarding additional points. Since most candidates in the pool fall into a relatively narrow range of

points, such an allocation of bonus points can drastically alter the composition of candidates selected. While this maintains flexibility, it also runs the risk of hampering planning and consistency in selection. Ministerial discretion should thus be used parsimoniously and be evidence-based, with sufficient transparency of the underlying objectives.

Most remaining shortcomings of the system in place for the selection of permanent labour migrants have been addressed through recent reforms...

Testimony to the reactivity of the Canadian system have been two recent reforms of Express Entry, which took place in late 2016 and mid-2017. These reforms addressed several of the initial shortcomings of the system as well as taking into account some of the recommendations of a 2016 OECD interim assessment of the Canadian labour migration system (see Chapter 1). Examples include the reduction of the previously excessively high level of points necessary for a job offer and the placing of more value on Canadian education.

...but consistency between admission and final selection could be improved by applying aligned criteria to pool entry and selection

These improvements notwithstanding, a key challenge in the system is the fact that requirements for pool entry differ from the criteria used in the universal points allocation within, and thus selection from, the pool. Of the three programmes currently managed via Express Entry, only the Federal Skilled Workers uses a points' grid for pool entry. The two other programmes have specific pool eligibility criteria. All of these programmes were designed prior to Express Entry, and have not been adapted since. This raises several issues. First, the points' grid used for Federal Skilled Workers differs significantly from the points' grid used in Express Entry. It rewards up to 22% of the entry grid points for foreign work experience while, in the absence of other specific skills such as Canadian work experience and/or national language knowledge, foreign work experience confers no points for the final selection. It also applies a different age scale. Second, applicants under the Canadian Experience Class face only specific entry criteria and these are lower than for a Federal Skilled Worker, for instance, there is no minimum qualification requirement and there are lower language requirements. The latter is particularly surprising as these individuals are presumably "pre-integrated" and should thus have higher language skills than candidates from abroad.

Express Entry allows selection of skilled tradespersons but the primary route is not via the Federal Skilled Trades pathway, which should be abolished

A third issue arises for the Federal Skilled Trades class. This was originally designed to attract tradespersons in the medium skills-range, in occupations with specific shortages. However, the programme never reached the desired group in large enough numbers, and in 2018, less than 400 principal applicants were admitted under this class, with cooks being the most important group – an occupation that is not, in fact, in strong demand nation-wide. This does not mean that there are no tradespeople admitted to Canada – but that the vast majority meets

either the criteria for skilled workers or for Canadian experience (or benefits from provincial or territorial nomination). As the programme did not meet its objectives, and there are other pathways which seem to function adequately for this group, it should be abolished.

A single refined entry grid, based on minimum criteria of the Comprehensive Ranking System, would ensure common standards for all federal high-skilled labour migrants

Selectivity, transparency, and consistency of selection would be improved by channelling all candidates through a single set of core minimum entry criteria. The core factors of the Comprehensive Ranking System should serve as a basis for this entry grid, rather than the current Federal Skilled Worker points system. This would simplify the system and ensure common language and education standards for all federal labour migrants. Consequently, the current separate pathways for Federal Skilled Worker, Federal Skilled Trades and Canadian Experience Class could be merged into one pathway.

Some fine-tuning to the Comprehensive Ranking System would further improve selection...

The Comprehensive Ranking System itself could also be improved, in particular by awarding points for Canadian work experience (in the core factor), based on the wage of the last Canadian job instead of on the duration of the work experience and the occupational classification. Research has indicated that wages are a better predictor of labour market outcomes. Wages should not be an absolute indicator here, but rather considered in light of the hours worked and the location, as wage-levels differ across Canada. Currently applicants gain half of the available points for Canadian experience in the core factors for only one year of skilled work experience, regardless of salary or other criteria. Canadian work experience is also credited a second time in Express Entry under the skill transferability section and awards full possible interaction points after a mere two years of experience.

...and the administrative burden lowered by replacing the labour market impact assessment with integrity checks

All OECD countries value job offers in their admission systems as, by definition, the immediate labour market integration of the candidates is ensured. While in contrast to most countries, there is no requirement of a job offer, Canada awards 50 bonus points (200 for a senior management position) in Express Entry for such candidates. A unique feature of the Canadian points-based selection system is that a labour market impact assessment (LMIA) is required for many candidates who benefit from these bonus points. Until November 2016, when the Canadian system was more demand-driven, half of the total maximum points were awarded to a job offer, thereby guaranteeing selection. At its introduction, the labour market test thus ensured that candidates only benefited from the points if their admission did not present potential harm to the resident workforce. In the current system, which provides just a fraction of the original points for a job offer, such a strict assessment seems less warranted. It also appears that many candidates with a job offer shy away

from the burdensome process under the new provisions. In 2017, less than 10% of invited applicants claimed points for a job offer, compared with a third in 2016. For regular positions (not senior management positions that receive more points), the LMIA for permanent migration could thus be replaced by integrity checks, or some differentiation in the points allocated for a job offer between those with an LMIA and those without.

The recognition of foreign qualifications is a key challenge, exacerbated by Canada's federal nature

In a selection system such as Canada's which places strong focus on formal qualifications and skilled occupations, assessing and recognising whether candidates with foreign qualifications and work experience meet Canadian standards is a challenge. Moreover, in a recent survey among recent arrivals, two-thirds of economic immigrants reported that getting a job that matches their skills and qualifications was very difficult or difficult. To make sure they meet Canadian standards, Canada requires all candidates to have their qualifications assessed. This assessment, however, is not a formal recognition, as recognition is a provincial competence, with differing requirements across provinces and territories. This is a particular issue in regulated occupations, where licensing is required for exercising the profession. At present, regulatory bodies do not feed the information they collect back to IRCC. It is hence unclear how many immigrants attempt and pass provincial/territorial licensing tests in their intended occupation. While efforts have been made in recent years to enhance co-operation, such as via the Pan-Canadian Framework for the Assessment and Recognition of Foreign Credentials, information sharing among the different stakeholders involved could be further improved, both within and across levels of government. A further step would be to reduce the administrative burden, for example by requiring licensing bodies to take the initial qualification assessment for migration as a starting point in the licensing procedure.

Incentives could encourage potential migrants to start licensing processes in regulated professions before landing, and methods facilitating pre-arrival licensing should be tested

The requirement of recognition post-landing for certain occupations can lead to a situation where migrants, selected based on their skills, are hampered in the actual exercising of these skills. Apart from better informing candidates about the necessary steps for recognition, a key issue is the fact that it is not possible to start licensing in many occupations from outside of Canada. One possibility would be to allow individuals in the Express Entry pool who have conveyed their interest in working in a regulated profession to come to Canada and start the licensing process by issuing a specific short-term visa for the purposes of qualification recognition, as is currently possible, for example, in Germany. An alternative possibility would be to include a pre-test for recognition by occupation. A resulting probability scale could be developed according to which points are allocated – potentially under the skill transferability points for foreign work experience. This would also serve as an incentive to migrants to initiate the process before landing.

Visa fees are lower than those of other settlement countries

Compared with its main competitors, visa fees for migration to Canada are not high. Canada also provides free settlement services, notably, English/French language training. This stands in contrast to Australia and New Zealand, where language services are either not free (New Zealand) or associated with higher visa fees for those not speaking English well enough (Australia).

There has been a strong growth in regional migration to Canada over the past two decades...

Immigration to Canada is a shared responsibility between the federal and the provincial and territorial (PT) governments. In practice, however, prior to the 1990s, the federal government exclusively designed and implemented immigration policy. In the last twenty years, the role of PTs in immigration increased steadily and provincial governments currently select, through their own programmes and selection criteria, about half of the permanent economic immigrants expected to land in Canada. Such provincial selection has contributed to a more equal geographic distribution of permanent labour immigrants. In 2017, more than a third of economic immigrants were located outside the Ontario, British Columbia and Quebec provinces, compared to just one in ten in 1997.

...although most regionally selected migrants are in urban areas within these provinces and territories

That notwithstanding, most of the provincial nominees – like their federal- and Quebec-selected counterparts – settle in metropolitan and agglomeration areas within these provinces. Only 8% of PT-selected migrants over the past decade landed in rural areas.

Although initial outcomes of regionally selected labour migrants are good, there is a need for continued monitoring...

An assessment of the outcomes and mobility patterns of PT-selected migrants shows a relatively favourable picture. While these migrants have a lower skills profile than federally selected migrants, their employment rates tend to be above those of the latter. This suggests that the federal and PT-streams are indeed complementary, with the PTs being able to choose those migrants who tend to integrate relatively well in their area. While there are some indications that the less successful ones move to other provinces, the numbers involved are small. Given the increase in the number of PT-selected migrants, and the fact that the data lag behind by a few years, a continued monitoring of the situation seems nevertheless warranted to be able to react if the current rather favourable assessment were to change.

...and future growth in provincial nominations should come through Express Entry

In addition to the provincial programmes, PTs can also nominate a certain number of migrants from the Express Entry pool, which provides the candidates with half

of the total maximum points as a bonus, thereby guaranteeing selection. Such PT-selected candidates from the pool benefit from priority processing. To make sure that future growth of provincial nominees remains consistent with overall Canadian skill needs – which are predominantly on the higher end – it should come primarily through Express Entry.

The introduction of targeted regional temporary programmes would enable provinces and territories to better address specific temporary regional shortages

As a counterpart to this development, a provincial temporary foreign worker pilot should be considered to target specific regional shortages. This would ensure that PTs with more cyclical or seasonal labour needs that are currently not met by the current temporary programmes could resort to temporary labour migration rather than permanent.

Canada has become a world leader in pre-arrival integration services, but take-up is still low

Canada is a leader in pre-arrival services, and the provision of such services has greatly expanded in recent years. Still, only 8.5% of economic immigrants eligible for pre-arrival services received such support. Depending on the country of origin, pre-arrival services vary considerably in scope, way of delivery (in-person or online) and size, but generally consist of information sessions and written material on the practical issues of the settlement process (Canadian way of life; insurance, health and housing issues; finding a job; etc.).

The link between integration and retention in the Atlantic Immigration Pilot is a promising one and could be extended further

To attract and retain skilled workers to fill long-term labour market needs in the Atlantic Provinces, Canada initiated the Atlantic Immigration Pilot in 2017. This programme is employer-driven, i.e. local employers apply to a province to become designated under the pilot and then can offer jobs to eligible candidates. The programme provides a rather holistic approach by linking attraction and retention through six-month priority processing, support for employers, and significant settlement support for the entire family with personalised settlement plans. Building on the first positive experiences of the Atlantic Immigration Pilot, a similar – though community-driven – programme for the rural areas is currently being tested.

Onshore transitions are less common than elsewhere, in spite of growing numbers

As in the other settlement countries, a growing share of permanent labour migrants have prior Canadian education and/or work experience. In 2017, about 58% of admitted labour immigrants were onshore transitions, a share below that of other settlement countries such as the United States and New Zealand (each 86%) and Australia (67%). Nevertheless, Canada has seen a strong increase in admissions of individuals with a previous permit over the past two decades. The majority had a previous work permit, although an increasing share of onshore transitions to

economic classes have both work and study experience in Canada. Direct transitions of international graduates – without additional Canadian work experience as temporary labour migrants – are rare.

Temporary labour migration to Canada is high, but largely for other purposes than specific labour market needs

In 2017, according to standardised OECD data, around 214 000 temporary labour migrants entered Canada, a number that has strongly increased in recent years (+50% 2015/2017). However, three quarters of temporary labour migrants have not primarily been admitted to meet direct labour needs but for a broad range of other purposes such as international co-operation, or for allowing students to stay and find a job in Canada post-graduation. Indeed, whereas labour migration under the labour market-tested Temporary Foreign Worker Program has consistently declined since the onset of the global economic crisis in 2007, there has been a parallel strong increase in other temporary migration with work rights under the International Mobility Program and as international students. In contrast to workers under the TFWP whose permit is generally employer- and occupation-specific, the migrants concerned often have an open work permit.

Little is known about the labour market impact of temporary labour migrants with open work permits and stronger monitoring is therefore recommended

In 2018, less than a third of work permits issued to temporary migrants admitted under the International Mobility Program contained information on the intended province and occupation. This is largely because most individuals who are in Canada for such purposes receive open work permits, allowing them to work for any employer and anywhere in Canada. Intended occupation is only registered for occupation- and/or employer-specific permits and hence missing in most cases. For these open work permit holders, Canada is able to capture data on the province and industry of employment only after several years via linking tax filing data with other databases. With the limited information on the regional and occupational intentions of these temporary migrants, assessing their labour market impact is challenging and, given the importance of this group and their likely concentration in certain areas and occupations, calls for a closer monitoring in the future. A first step in this direction has been taken with the Canadian 2019 Budget, which commits money for the ongoing collection of labour market information related to open work permits.

The Labour Market Impact Assessment (LMIA) in the Temporary Foreign Worker Program is extensive...

One of the reasons for the relatively low numbers under the Temporary Foreign Worker Program is the fact that, apart from foreign workers admitted under the Global Talent Stream, employers of foreign workers have to undergo a rather extensive labour market impact assessment. In contrast to other OECD countries, the procedure for a renewal is the same as for the initial permit. Employers wishing to hire individuals above the median regional hourly wage have to provide, in

addition to other criteria, a “transition plan” in which they specify how they plan to reduce their dependence on temporary foreign workers and transition to a Canadian workforce in the future.

...and encourages migration through permanent rather than temporary channels, especially for higher wages

The burdensome procedure for temporary labour migration, especially for those migrants who are paid above the regional average, encourages labour migration that might otherwise prefer to be temporary to pass through permanent streams. Furthermore, there are no facilitations for the renewal of permits. Although the recent implementation of Canada’s Skill Strategy provides simpler and faster procedures for some subgroups, the overall set-up remains complex and simplifications should be considered, notably for renewals in the higher-paid category.

Given that most caregivers leave the occupation after permanent residency, longer durations for transition should be considered

Canada has a long tradition of temporary migration in caregiving occupations. In 2016, over one in three long-time care workers in Canada was foreign-born, one of the highest share in the OECD. Since the 1980s, Canada has had several dedicated economic immigration pathways for caregivers, providing them with the opportunity to transition to permanent residence after two years of full-time caregiving work. One challenge of the caregivers programme is the fact that more than eight in ten caregivers leave the occupation within ten years. At the same time, and partly a result of this, caregiving occupations continue to be in high demand across Canada. One option would be to augment the time necessary for transition. Given that caregivers’ family members now have access to work and study permits under the recently launched caregiver pilots, Canada would remain among the most attractive OECD countries for caregivers.

International students have favourable conditions to work and stay and numbers have thus risen strongly

Among OECD countries, Canada has experienced one of the largest growth in international students in recent years, with numbers having almost tripled over the past decade. Students are allowed to work during their studies and can stay for up to three years in the country on a post-graduation permit. Over the past five years, post-graduation work permits issued to international graduates increased five-fold. In fact, about six in ten international students in Canada intend to stay in the country following graduation and an estimation of student stay rates suggests that about this number manage to do so initially. This is a much higher stay rate than observed in other OECD countries, although it is not clear how many will ultimately transition to permanent residency. Since 2017, Canadian education credentials grant additional points under Express Entry, and more than a third of all permanent labour migrants admitted to Canada in that year benefited from these bonus points.

The strong migration management framework in place and quick reaction times to new developments is the core strength of the Canadian system

In summary, Canada has arguably the most elaborate labour migration system in the OECD, and it is widely perceived as a benchmark for other countries. Its success is evidenced in its good integration outcomes and high levels of public acceptance of migration, as well as its strong appeal to potential migrants. Core to this success is not only the elaborate selection system itself, but also the entire infrastructure it is based on, which ensures constant monitoring and adaptation of its parameters. This includes a comprehensive and constantly improving data infrastructure, coupled with the capacity to analyse such data, and subsequent swift policy reaction to new evidence. It also builds on extensive marketing and recruitment efforts by the Canadian missions overseas and a welcoming host society, which considers immigration as part of its national heritage. A broad range of settlement services for labour migrants and their family, both pre- and post-arrival, completes the system.

Summary of main policy recommendations

Further strengthen the consistency and selection of permanent labour migration

- Align the pool entry requirements with the core selection criteria in Express Entry. Raise the minimum entry requirement for the first official language to CLB 7, as is currently the case for Federal Skilled Workers. Likewise, introduce a minimum qualification requirement for entry into the Express Entry pool.
- With such common minimum requirements, consider to merge the Canadian Experience Class with the Federal Skilled Workers Program into a single entry pathway.
- Abolish the Federal Skilled Trades Program.
- Consider awarding points for Canadian work experience (in the core factor) based on the relative wage of the last Canadian job instead of on the duration of the work experience and the occupational classification.
- In the skill transferability factor, award the maximum interaction points for Canadian work experience after three years only, thereby aligning it with the period for maximum points in foreign work experience.
- Avoid frequent changes in the allocation of bonus points and be aware that these can drastically alter the composition of candidates selected.
- For migrants intending to work in regulated occupations, enhance information on the process.
- Enable and provide incentives for applicants intending to work in regulated professions to initiate the licensing process before landing in Canada, including by the introduction of a specific visa for foreign credential recognition.
- Continue to promote standardisation and harmonisation of foreign credential recognition and systematically collect and share data on foreign credentials recognition between the different stakeholders and federal and provincial/territorial jurisdictions involved. Require licensing bodies to take the initial qualification assessment for migration as a starting point in the licensing procedure.
- Consider awarding full skills transferability points to any candidate having a licence in a regulated profession in their intended province of landing.

- Monitor the occupations immigrants actually take up in addition to the occupation they intend to work in, to be able to identify and address possibly discrepancies, notably regarding over-qualification of labour migrants.
- Consider abolishing the labour market impact assessment (LMIA) for permanent migration and replacing it with integrity checks, or provide for a differentiated points scale with and without LMIA.
- Further investigate whether the separate points' calculation for migrants with partners deters such migrants from bringing their family along; consider corrective action if this were the case.

Better target the management of temporary labour migration

- Consider to provide facilitations in the LMIA process for the renewal of temporary permits, notably for high-wage temporary foreign workers.
- Consider introducing a specific trusted employer scheme for those companies making heavy use of the Temporary Foreign Worker Program, building on the experiences of the Global Skills Strategy.
- Explore linking temporary work visas with specific occupations and provinces rather than employers.
- Consider requiring a longer work period in the profession in Canada before granting caregivers access to permanent residence.
- Monitor the labour market impact of temporary migration, especially under the International Mobility Program.

Improve coherence in the provincial/territorial elements of migration management

- Base future growth of PNP primarily on Express Entry, ensuring standard processing times and common educational and language minimum standards.
- Continue to monitor outcomes of PT-selected permanent residents.
- Enhance efforts to support settlement outside major cities, building on the experience of the rural and Atlantic pilots.
- Monitor the outcomes of new pilot programmes designed to settle migrants in Atlantic Provinces and rural areas within the PTs.
- Consider introducing regional temporary labour migration pilot programmes.

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.

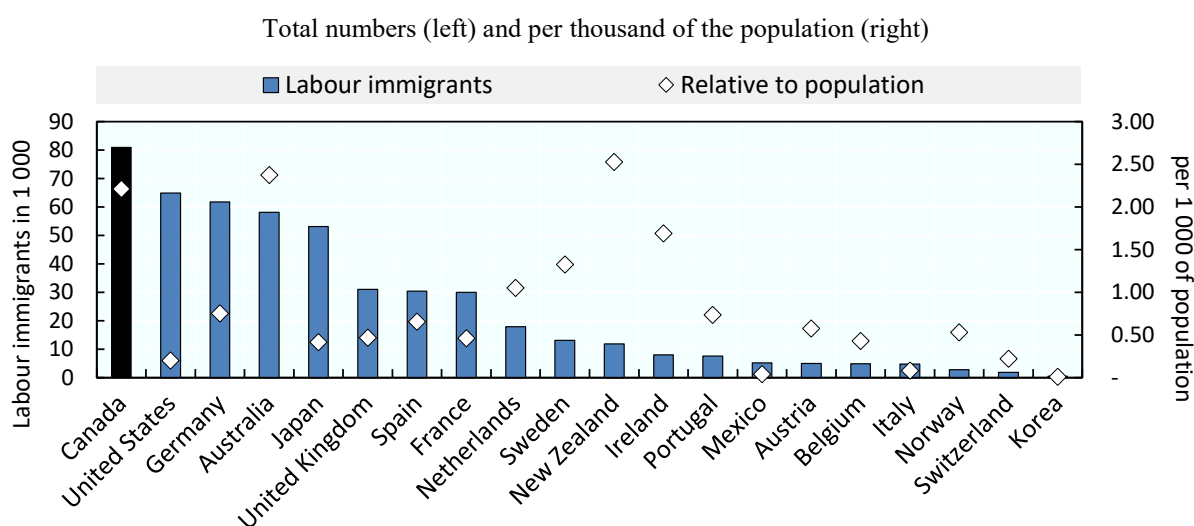
Against this backdrop, this review³ is structured as follows: The first Chapter presents the context for labour migration to Canada. Starting with an outline of economic and demographic conditions, it then presents an overview of the history of labour migration to Canada and of the current labour migration 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.

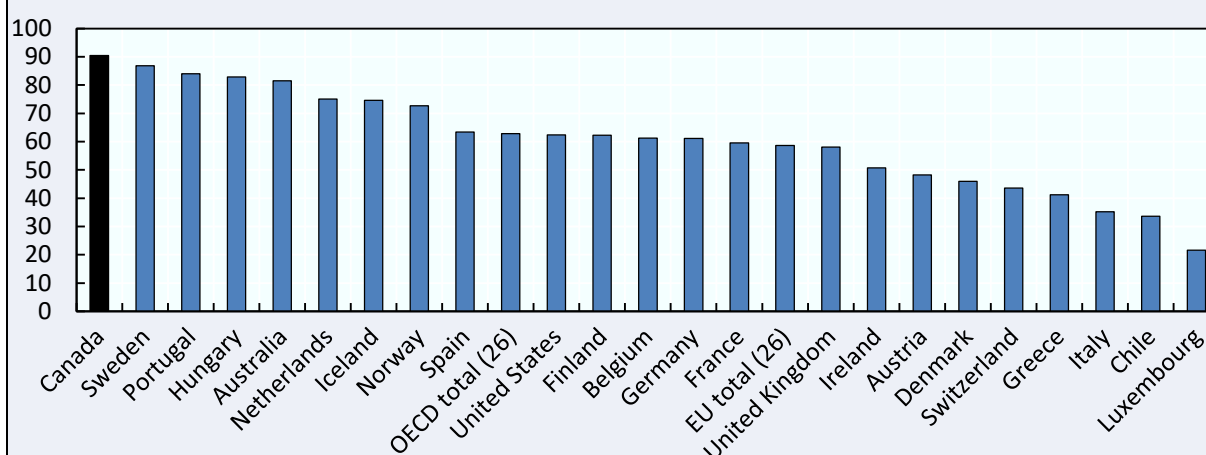
Box 1.1. Integration of immigrants and their children in Canada

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



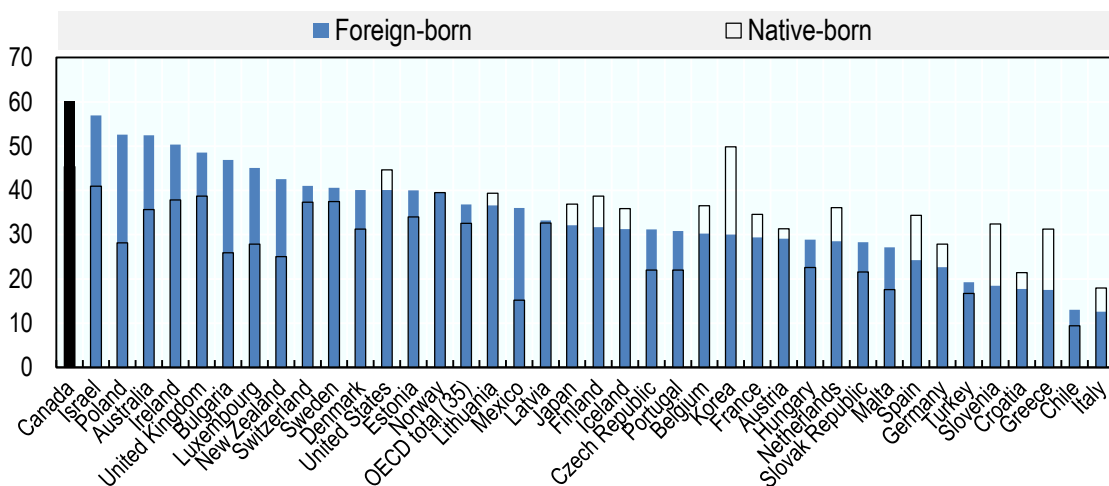
Source: OECD/EU (2018^[1]).

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

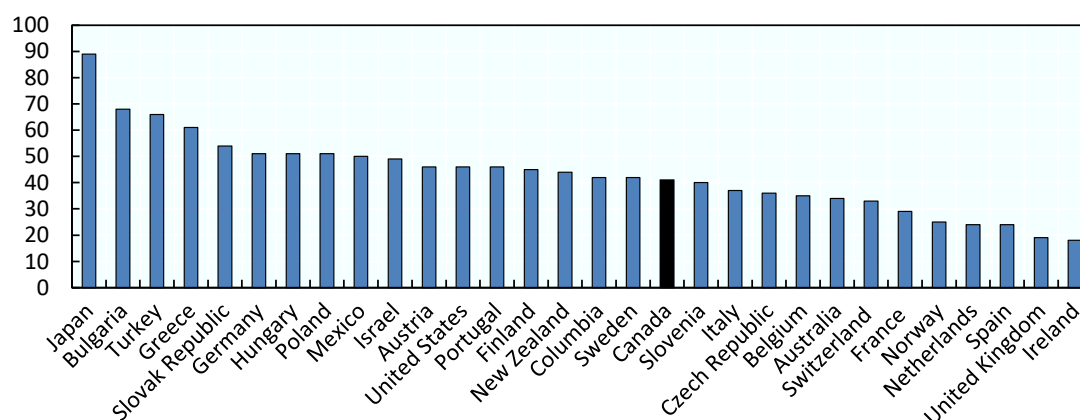
growth over the next ten years is expected to be in high-skill occupations as the Canadian economy is becoming more and more knowledge-intensive, automatised and with stronger health care needs. However, these COPS projections are aggregate and nation-wide estimations. As such, they capture neither regional 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

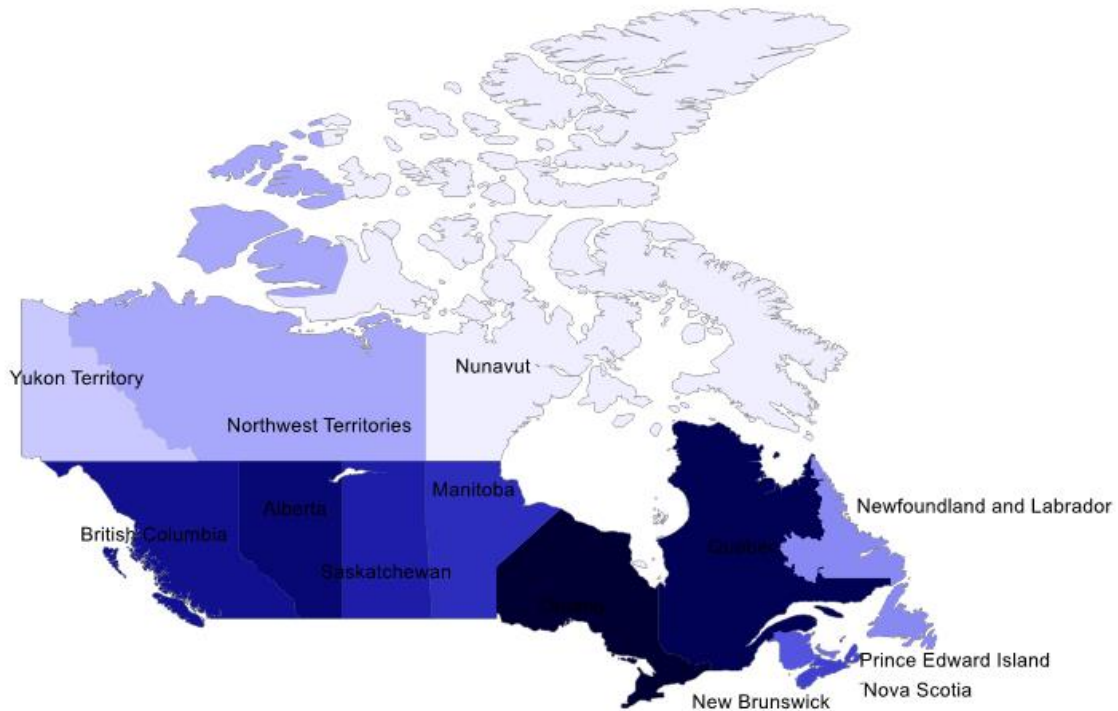
With a current population of 37 million inhabitants spread out over 10 million km², Canada is the least densely populated OECD country following Australia. In addition, the population is highly concentrated in certain regions and cities. In 2016, over 38% of Canada's population lived in Ontario, 23% 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

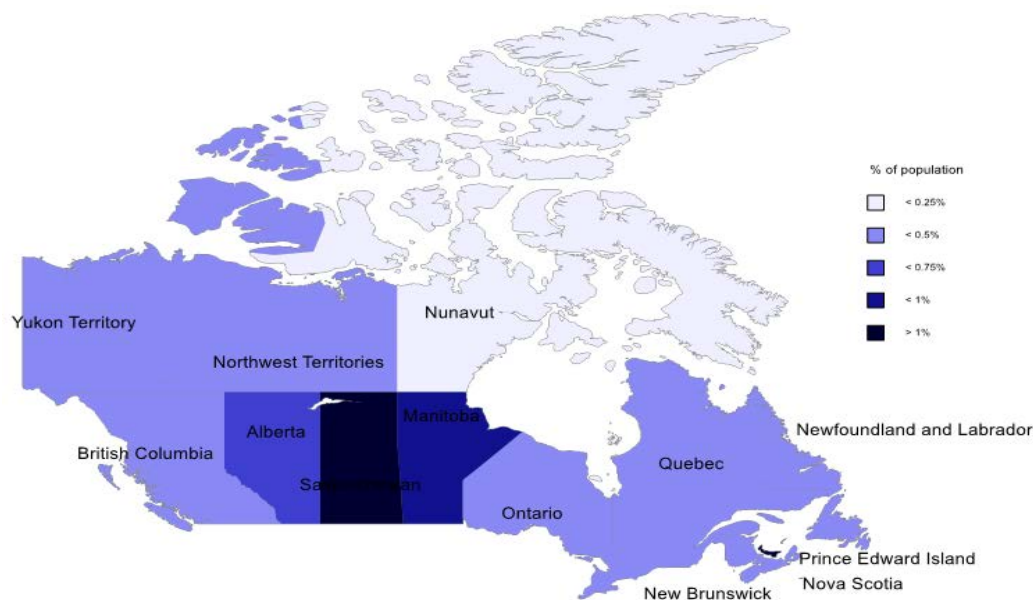
to population, Prince Edward Island welcomed the highest share of economic immigrants, representing 1.5% of its 2016 population, followed by Saskatchewan (1.1%) and Manitoba (0.8%).⁸

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.

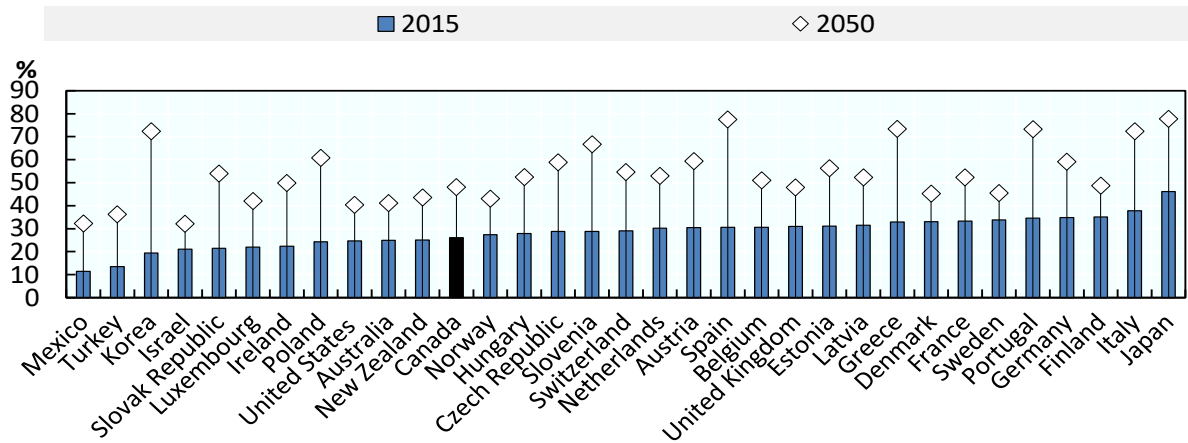
Source: Immigrants: IRCC Admissions of Permanent Residents by Intended Destination and Immigration Category, population: census 2016.

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

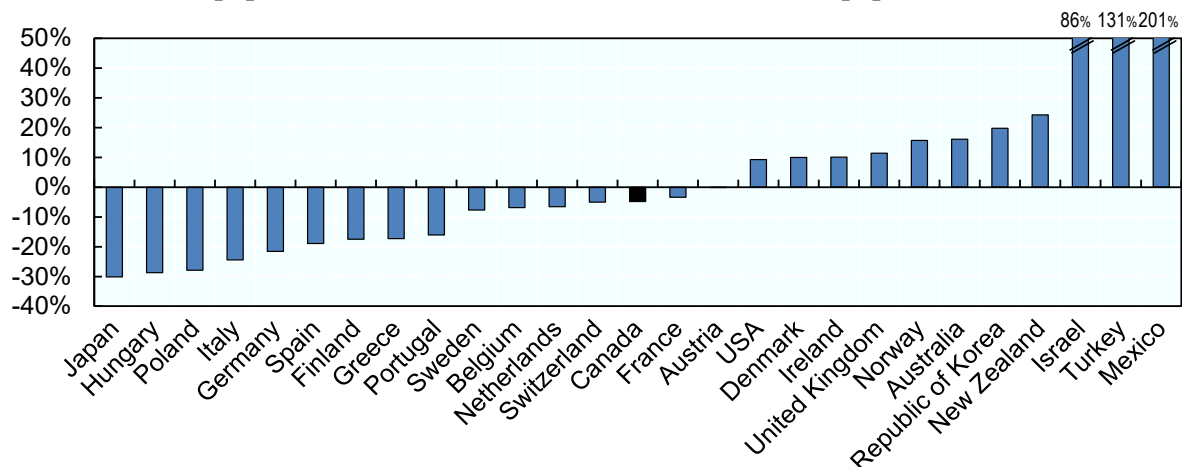
Ratio of population aged 65+ per 100 population 20-64.

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 famers 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

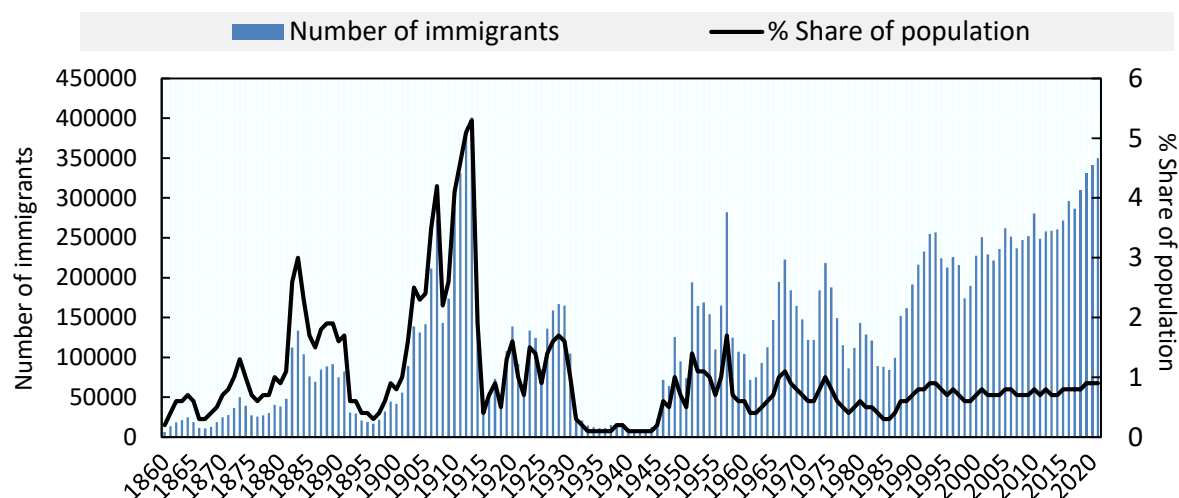
At the turn of the century, the number of immigrants coming to Canada increased strongly. Between 1896 and 1914, three million migrants arrived on its shores. In addition to the government's policy of active recruitment and settlement, a combination of events contributed to this increase. New farming 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.

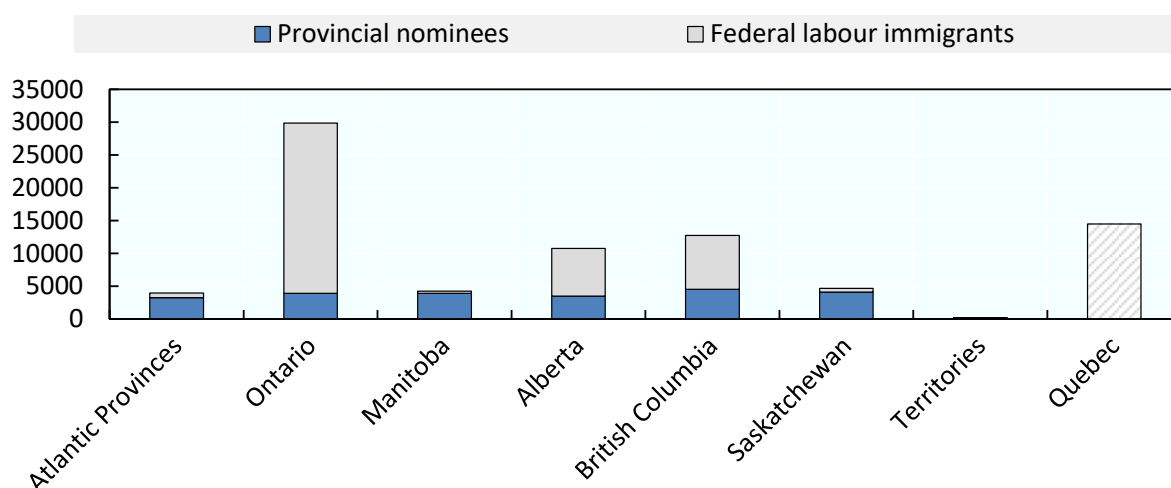
Regionalisation and demographic concerns

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,

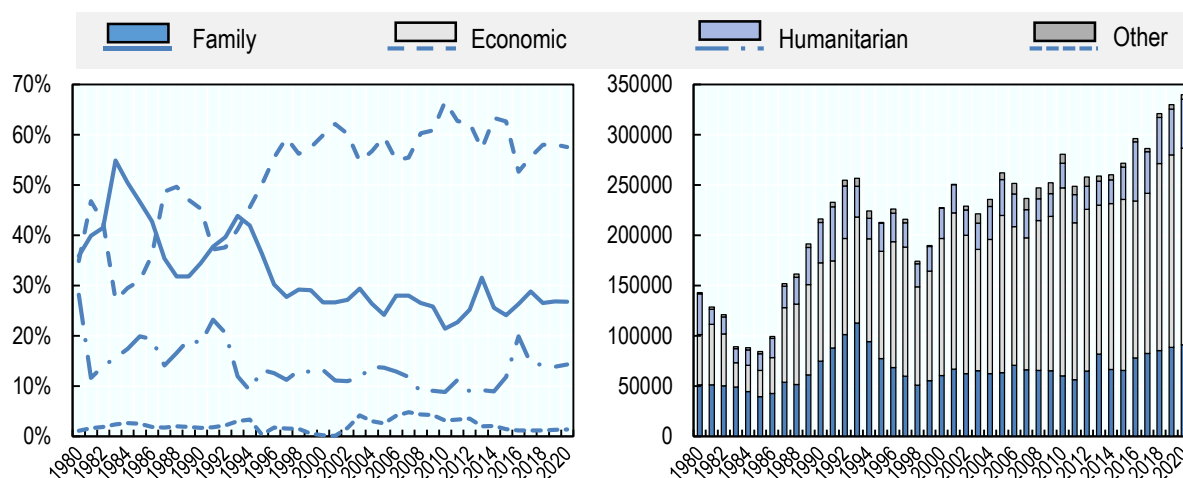
but also an increase of approximately 21% compared to the previous ten-year average.

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]).

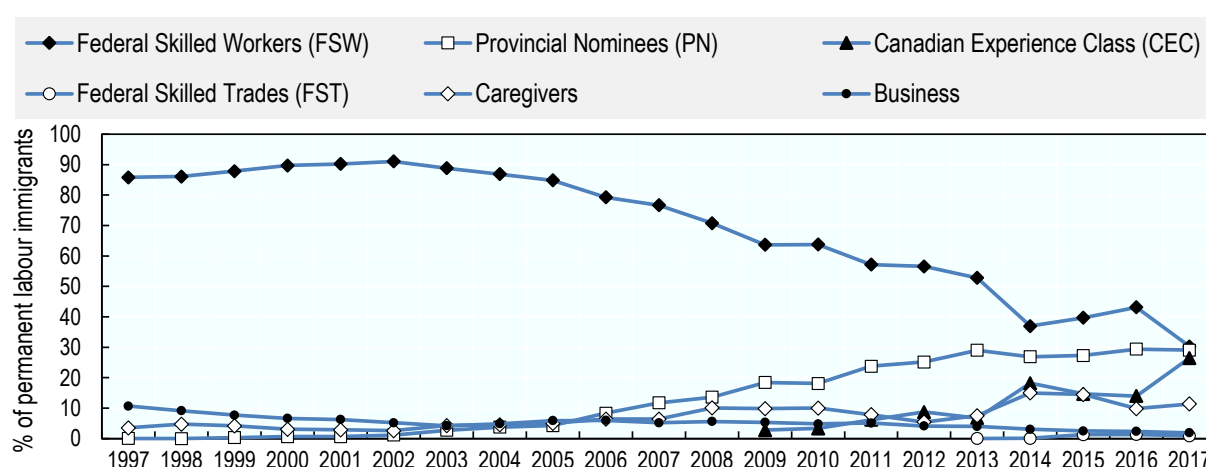
Over the last decade, the number of economic entry classes increased. At present, economic immigrants can apply to migrate to Canada permanently as part of one of the following immigration programmes/classes:

- 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.

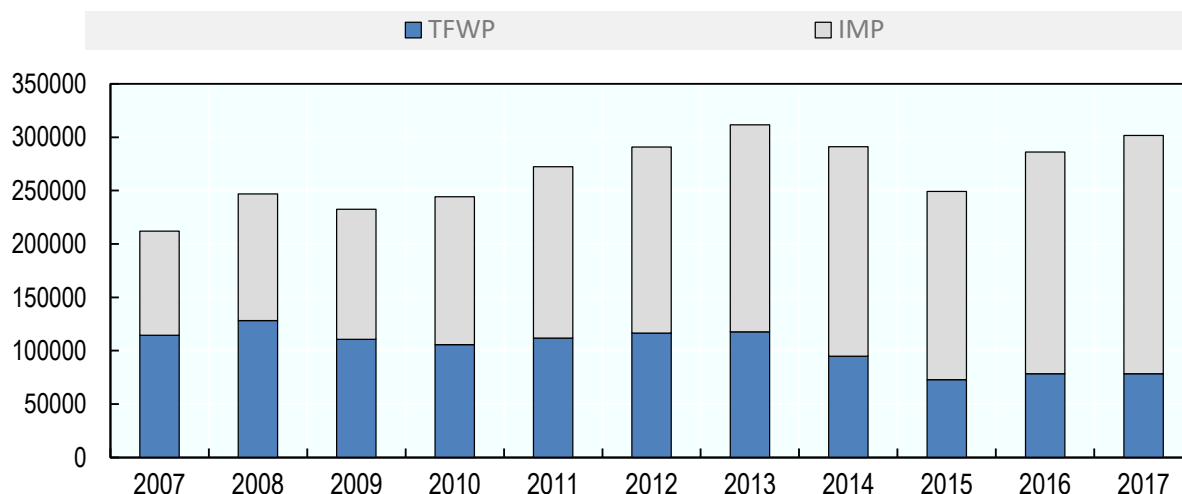
Temporary labour migration

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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Chapter 2. Permanent labour migration

This chapter first traces how the Canadian selection system for permanent labour migrants has evolved since the introduction of the points-based system in 1967. It then describes and analyses the Express Entry (EE) system. This two-step selection system, introduced in 2015, builds a pool of eligible candidates (Expression of Interest) from which labour migrants are selected (Invitation to Apply). The chapter then compares and contrasts EE to two main peer systems in other countries – SkillSelect in Australia and the Skilled Migrant Expression of Interest system in New Zealand. The chapter also analyses the performance of Express Entry during its first four years of operation. It details how well EE is fulfilling the objectives laid out at its inception: i) greater flexibility in selection and application management; ii) better responsiveness to labour market and regional needs; and iii) quicker application processing.

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.

When migration policy debates refer to the Canadian migration system, they often – implicitly – refer to the points-based system for permanent skilled labour migration. A points-based system allows selection of immigrants based on a range of differing criteria balanced against each other. In Canada, such a system was introduced in 1967 and has since then undergone various reforms, outlined at the beginning of this chapter.

However, the traditional points-based system with a passmark, while balancing selection criteria, was not sufficient to respond to key challenges, including long processing times and an inability to prioritise among qualified applicants. It is against this backdrop that Canada introduced, in 2015, “Express Entry” (EE), a two-step dynamic skilled labour migration system. The chapter examines how well Express Entry has performed during its first four years of operation against the objectives at its inception: i) greater flexibility in selection and application management, ii) better responsiveness to labour market and regional needs, and iii) increased speed in application processing.

Express Entry selects applicants among a pool of qualified individuals, who have expressed an interest in permanently migrating to Canada. This chapter outlines the criteria applicants need to meet for pool entry along the three federal programmes managed with this Expression of Interest system. It further depicts the mechanism which sorts applicants within the Express Entry pool.

With the start of its new system, Canada introduced a number of innovations. These include the consideration of interaction between different factors such as language proficiency and education, as well as a continuum of points in its ranking system allowing for a more refined selection than in other countries. New evidence and monitoring of the intake of the first rounds of Express Entry already led to two major reforms of the system. These addressed several initial shortcomings such as a reduction of the previous excessively high points for a job offer. The reforms resulted in a shift from a demand-driven to a largely supply-driven selection based on broad human capital characteristics.

At the same time, several challenges for permanent labour migration management under the new system remain. In particular, reflecting previously clearly separate pathways, Express Entry operates three different pool entry programmes, of which only one uses a points grid for entry. Under the new comprehensive ranking system, this leads to different standards in pool-entry requirements and the criteria applied for final selection. This also engenders a number of inconsistencies in the system.

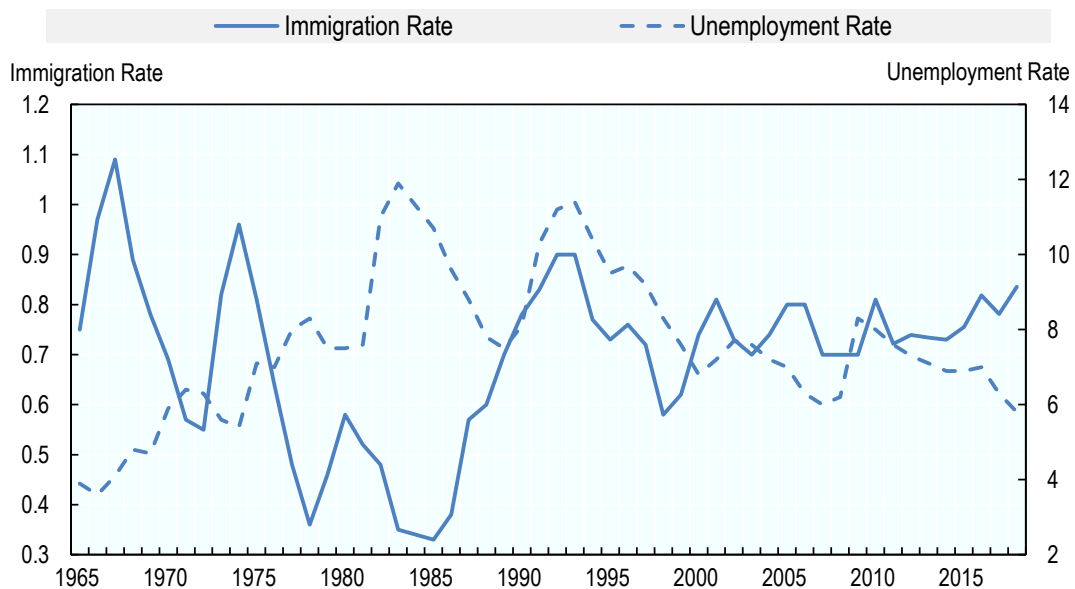
Evolution of the Points-Based System

The evolution of the Points-Based System (PBS) in Canada is a reflection of changing immigration objectives. Indeed, a key characteristic of the Canadian approach to migration management are frequent adaptations to react to new evidence and challenges, but also to changing political priorities. From the frequent adjustments to the points granted, the following section only discusses the most significant changes.

The PBS works through a points grid to determine selection criteria. Its key characteristic is the possibility to trade-off some skills against others (e.g. higher language skills for somewhat lower qualification levels). The government adjusts criteria for selection by assigning more or less points to certain factors. In the past, these adjustments have swung between favouring general human capital and reacting to specific labour demands (Ferrer, Picot and Riddell, 2012^[1]; Green and Green, 2004^[2]).

When the PBS was first introduced, human capital accounted for 30% of all points, labour market factors for another 40% and other factors, including age and adaptability, for the remaining 30%. At the time, adaptability was assessed in a face-to-face interview. An applicant needed half of the total maximum points to be eligible for admission. As a result, human capital, age and adaptability together were sufficient for an applicant to pass the mark of 50 points, without fulfilling any labour market specific demands. Canada later adopted a pro-cyclical immigration policy, increasing immigration during economic booms and limitations during recessions (Figure 2.1). The country abandoned this policy in the 1990s.

Figure 2.1. Immigration and unemployment rates, 1965-18



Note: Immigration rate as a percentage of annual population, unemployment rate of last quarter in given year.

Source: OECD Secretariat calculations based on data from IRCC.

In 1974, the government introduced a penalty of ten points for applicants without pre-arranged employment or intention to work in a designated occupation and from 1982-86, Canada granted admission only to applicants with pre-arranged employment (Green and Green, 1999^[3]).

Major changes introduced in 1986 involved allocating more points for language ability and less for adaptability. In addition, the government removed the requirement of pre-arranged employment and instead introduced a “levels” factor,

a discretionary allocation of ten points, used to control the number of persons entering over a certain period. The new policy also included a higher pass mark of 70 points.

As outlined in Chapter 1, in the early 1990s, Canada moved away from long-term demographic goals and instead used designated occupation lists based on specific occupational shortages. Immigrants who matched the occupation on a list received additional points and were processed on a priority basis. This use of immigration for short-term economic demand was again reverted in the second half of the 1990s to favour long-term benefits of increased immigration. This change occurred despite high domestic unemployment at the time, with the intention of raising the overall skills levels of the population rather than responding to immediate labour needs. In 1996, the government for the first time employed the idea to adjust the pass mark depending on the occupational group of an applicant, acknowledging structural mid-skilled shortages.¹

In 2002, with the Immigration Refugee and Protection Act (IRPA), education, experience and language – all human capital factors – obtained more weight. Points for education and language increased, comprising 49% of all points, while experience increased to 21%. For the first time, tertiary (university) education became a necessity to scoring full points for education. Human capital factors alone accounted for a full 93% of the points for the pass mark. In contrast, the number of points responding to labour market needs decreased even further than it had been in the second half of the 1990s. From 2002 onwards, adaptability was no longer assessed with an interview; instead, applicants received points for prior exposure to and experience in Canada. Furthermore, points for spouses' human capital and labour market factors became part of the adaptability score, which could but did not need to be claimed. The pass mark rose to 75% of total points but was scaled back the following year to 67% of the total points, where it has remained since. Table 2.1 provides an overview of some of the major changes. Authorities processed applications in the order of submission.

Table 2.1. Evolution of the Points-Based System (current FSW entry grid) 1967 to present

Percentages of maximum points and pass mark

	1967		1986		post-2003	
	% of points	% pass mark	% of points	% pass mark	% of points	% pass mark
Human capital	30%	60%	35%	50%	68%	101%
Language	10%	20%	15%	21%	28%	42%
Education	20%	20%	12%	17%	25%	37%
Experience		20%	8%	11%	15%	15%
Labour market demand	40%	20%	35%	50%	10%	15%
Arranged employment / occupational demand	25%	20%	20%	29%	10%	15%
Vocational preparation	10%	20%	15%	21%		
Destination	5%	10%				
Other	30%	60%	30%	43%	22%	33%
Age	10%	20%	10%	14%	12%	18%
Personal Assessment / Adaptability / Relatives	20%	40%	10%	14%	10%	15%
Levels			10%	14%		
Points possible / needed	100	50	100	70	100	67*
Pass mark in %		50%		70%		67%

Note: The table shows only key changes. Due to percentage rounding, shares do not round up to totals indicated. *Set at 75 points (75%) from June 2002 to September 2003, thereafter decreased to 67 points. Pass mark of 67 used for calculating shares.

Source: OECD Secretariat calculations based on data from IRCC and Green and Green (1999^[3]).

Given the pass mark of 67 points, a large number of applicants qualified for admission based on their human capital endowment alone. As numbers of applications rose faster than the ability of the authorities to deal with requests, backlogs of applications continued to grow. In addition to the large numbers, the verification process involved substantial manual assessment and human interface. A series of Ministerial Instructions since 2008² introduced a mix of qualifiers for expedited processing such as in-demand occupations and later numerical limits. Ministerial Instructions empower the federal Minister for Immigration to pause, decline and return unprocessed applications. Any such modifications to immigration policy were previously possible only through regulatory change and consultation. This flexibility aimed at streamlining application processing in line with changing priorities and at addressing the large inventory of applications that had built up since the late 1990s. For specific periods, the ministry reduced the points granted for work experience to 15% and increased the points awarded for language proficiency. Besides changes to the grid, a job offer or an occupation in demand became – temporarily – mandatory. In line with these changes, the ministry made other infrastructure adjustments. Key among them was the centralisation of the initial review of Federal Skilled Worker (FSW) applications in Canada through a new Centralized Intake Office for paper-based applications.

The entry points grid's six main selection factors (language, education, experience, job offer, age and adaptability) for Federal Skilled Workers (FSW) were maintained

for this class in 2015, when Express Entry was introduced. It is important to note that this entry points grid differs from the Comprehensive Ranking System (CRS) that allocates points within the Express Entry pool, the differences are discussed in more detail below. In brief, the entry points grid allocates up to 100 points (67 allow a candidate to apply as a FSW) whereas the CRS grants up to 1 200 points out of which a varying number are needed to be invited to apply for permanent residence. The entry point grid is only applicable as a first step for those wishing to come to Canada as a Federal Skilled Worker, whereas the Comprehensive Ranking System (CRS) ranks everyone, who passed the requirements of at least one of the currently three federal skilled economic immigration classes.

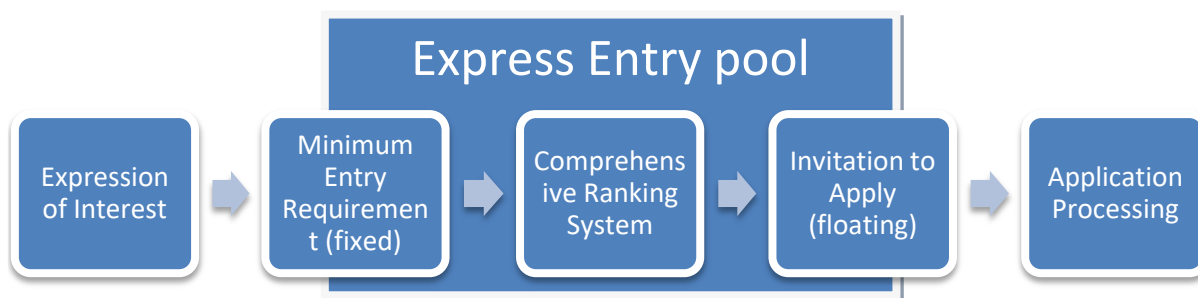
Until the introduction of Express Entry in January 2015, Canada had a one-step PBS for selection of permanent economic immigrants. Leading up to 2015, the immigration system was confronted with two major challenges. First, for many years, the department was obliged to process every application received until amendments to IRPA were introduced in 2008. This allowed the government to set a limit on the number of applications to be accepted for processing. However, with years of demand outstripping departmental capacity to process, by 2008 the FSW backlog had already grown to over 600 000 applications and with wait times of almost three years (IRCC, 2010^[4]). Second, the system provided no means for prioritisation of candidates among applicants. In particular, employers faced long and uncertain waiting periods and applicants could not alter their application once submitted. Thus, neither changes in personal qualifications of applicants (supply side) nor in labour market and economic conditions (demand side) could accelerate admission of those in the queue. The series of Ministerial Instructions issued since 2008 have aimed to improve targeting and enhance flexibility and responsiveness to changing demands. However, limits on immigration programmes did not address the main problem: the inability to efficiently prioritise processing.

Express Entry builds on the points-based infrastructure that had been in place for more than four decades and changed the application process to incorporate a pre-screening and an official invitation step. Its introduction drew on extensive research, consultation with many stakeholders, including employers, and builds on the experiences of peer countries pursuing a two-step labour immigrant selection, with Expression of Interest models pioneered in New Zealand in 2003 and introduced by Australia in 2012.

Express Entry

The general process of the Expression of Interest system

Figure 2.2. Express Entry basic functioning



A key objective of Express Entry is to enable the selection of the best candidates at any time and to prioritise the various programme intakes to reflect changing economic conditions and political preferences. The system manages migration in two steps: first, all candidates who meet entry requirements are admitted (fixed mark) into a pool and second, candidates in the pool are ranked against one another and chosen in descending order until a fixed number of entries is reached (floating mark).

In the case of Canada within this two-step process, applicants first submit an Expression of Interest (EOI) and if they meet the eligibility criteria for at least one of the federal economic visa categories, enter a pool of candidates called the Express Entry pool (Figure 2.2). Within this pool, a Comprehensive Ranking System (CRS) automatically assigns points to each applicant according to transparent criteria. As a result, each applicant has an individual CRS-score and ranks relative to all candidates in the pool.

About every second week, IRCC publishes a Ministerial Instruction stating the total number of candidates it invites to apply for permanent residence. Such Invitations to Apply (ITA) are sent to the highest ranked candidates in the Express Entry pool in descending order until reaching the candidate(s) whose CRS-score is exactly at the pass mark for selection for this specific draw.³ Thus, candidates in the pool must have a CRS-score at least equal to the minimum pass mark at any given draw to receive an Invitation to Apply for permanent residence. However, depending on the composition of the pool (other candidate's CRS-score⁴) the minimum CRS-score needed to receive an ITA in the given round is changing. While Ministerial Instructions state the number of ITAs, for easier reference the ministry also publishes the resulting minimum CRS-score.

The numbers of ITAs for permanent residence visas are determined within the framework of a multi-annual Immigration Levels Plan, which sets out the broad admission ranges for federal high-skilled migration, by stream. The number and “type” of labour migrants selected at any draw remain at ministerial discretion. For instance, the minister can decide to pick only candidates of one or several visa

categories. In addition, the government is able to adjust the points granted in the CRS, again by using Ministerial Instructions.

The CRS-score calculation is a transparent process and interested applicants can pre-calculate their expected score online at no cost. The efficiency gains in processing time allow for a realistic timeframe estimation and applicants can update and thus improve their CRS-score while remaining in the EE-pool. This is also possible in the Australian system, where applicants can access their EOI and update information at any time. In contrast, in New Zealand applicants need to provide information to Immigration New Zealand why they want to change their details and thereafter need to re-submit their Expression of Interest.

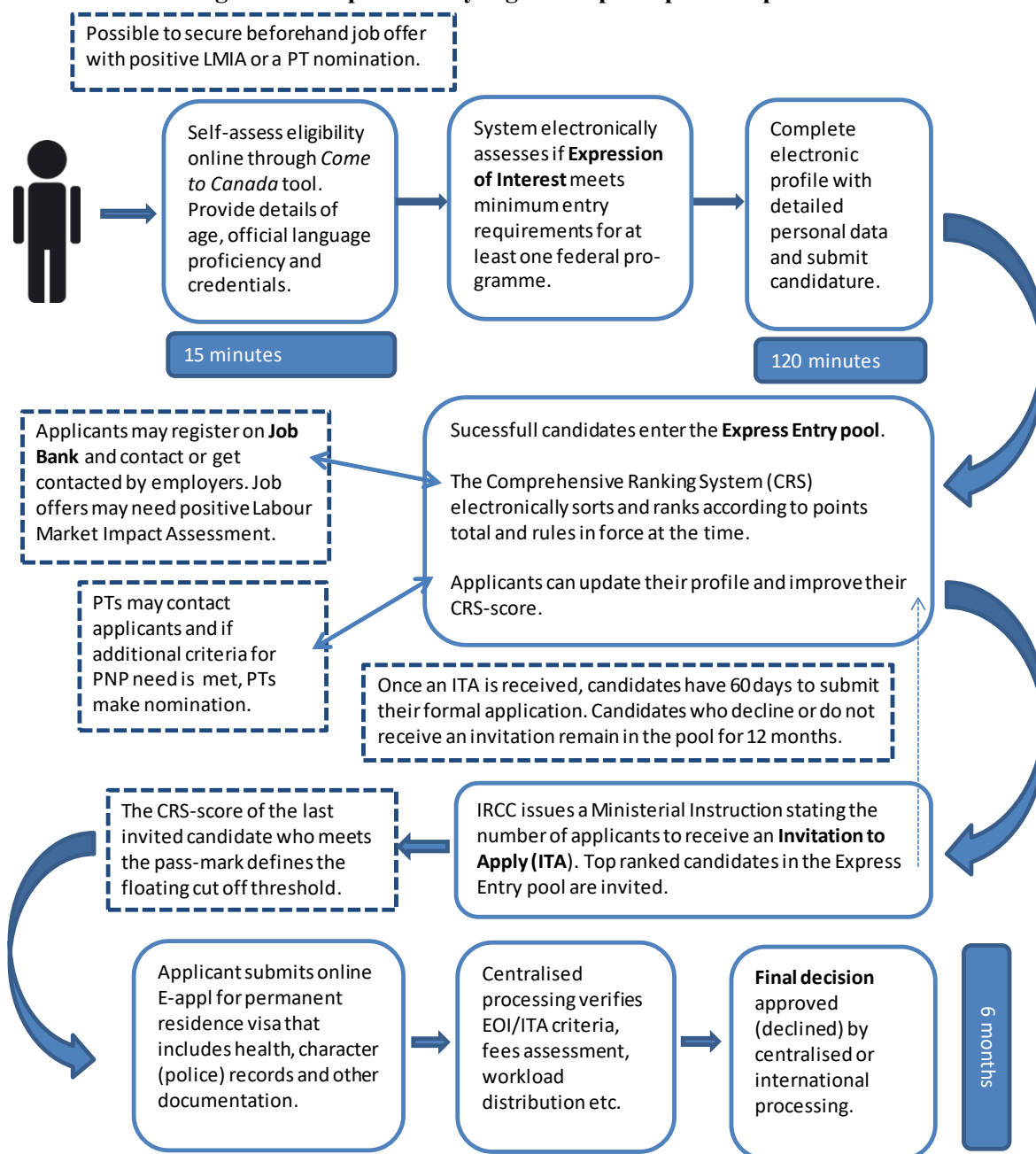
After submitting their Expression of Interest and on a voluntarily basis labour migrants can register on Job Bank, an online job search and matching platform and service of Employment and Social Development Canada (ESDC). This allows them to market themselves to employers. At the same time, they can also search on private job vacancy boards. Employers registered on the Job Bank can view applicants' profiles (though not their personal contact details) until they decide to interview them. When a match proceeds to an interview and a decision is made to hire, employers with an approval to hire a foreign worker (a positive Labour Market Impact Assessment) provide this information along with a job offer letter to the candidate. Candidates can update their Express Entry profile accordingly. Provinces and territories are able to view and nominate applicants in the Express Entry pool directly if candidates meet their regional programmes criteria. Applicants who accept such a provincial nomination – to live in the region – update their Express Entry profile accordingly. Applicants can also increase their points, by, for instance, improving their certified language levels, formal education credentials or claiming points or no points for a spouse or common law partner.

Candidates successfully drawn from the pool receive an Invitation to Apply (ITA) for a permanent residence visa and have up to 60 days to submit a complete application. This should include all documents relating to admissibility and points claimed in various selection factors. The same period, 60 days, applies in Australia while in New Zealand applicants have four months to send the final application once they have been invited to apply for residence. Applicants who decline an ITA, or did not receive one due to their CRS-score, remain in the pool for up to 12 months. This duration of profile validity is between the duration in the Australian system where profiles are valid for 24 months and the system used in New Zealand where they are valid for six months.

As the government defines the number of ITA it issues and not the required CRS-score, the threshold is floating. Consequently, the same score of points in the Express Entry pool can be sufficient to get an invitation in one draw but not in the next, as candidates exit and enter the pool between draws. As a result, the pool is constantly changing and applicants face varying competition to receive an ITA. Until the end of 2018, IRCC issued 107 MIs stating the number of ITA and the resulting minimum needed CRS-score.

The system provides an online platform for managing applications, the automation of most processing stages and the ability to seek nomination from provinces and territories as well as job offers – via a linked platform – from employers. EE does not employ any discretionary elements, except for the set pass marks and changes to the score calculation. Under Express Entry, the estimated target processing time between submission of a completed visa application and the final decision on a permanent residence visa is six months. Figure 2.3 gives an overview of an application process via Express Entry.

Figure 2.3. Express Entry high-level principles and processes



Source: OECD Secretariat.

Step 1: Minimum entry requirements

The first step for applicants into the Express Entry pool is to submit an electronic profile. Express Entry is open to three visa categories of federal economic immigration programmes: Federal Skilled Workers (FSW), Canada Experience Class (CEC) and Federal Skilled Trades Program (FST). All candidates in the pool must meet the minimum eligibility requirements for at least one of these programmes. Applicants who apply via Express Entry to be a Provincial Nominees must also meet the minimum qualifying criteria the respective province/territory's Express Entry PN category.⁵

At this first selection step, Canada uses an entry points grid only for the FSW category where candidates must gain a minimum of 67 points of the total 100 available. For the other immigration programmes, candidates do not need to pass a points mark but to fulfil programme specific requirements. In Australia, applicants to Skilled Independent and Nominated Visas using the SkillSelect system have to pass a points test, while some other visa categories require specific selection criteria (OECD, 2018^[5]). In New Zealand, applicants to the Skilled Migrant Category Resident Visa and those for Entrepreneur Work visas have to pass a fixed points mark (Government New Zealand, 2019^[6]).

Applicants to Canada start with a self-assessment through an online tool “Come to Canada”. Based on several criteria (province of interest, age, language ability, family members, education, settlement funds, work experience and details on any job offer) the tool identifies if the candidate meets the criteria for any permanent federal immigration class. If minimum requirements in one immigration class are met, the candidate receives a personal reference code and is asked to submit online and free of charge an Express Entry electronic profile that includes their mandatory language test scores, educational credential assessment (required for Federal Skilled Workers), details of work experience and, where applicable, a job offer or provincial nomination. Assessment providers issue documents with unique identity numbers, which ensure authenticity and reduce subsequent efforts for verification.

Applicants might be eligible for more than one programme, which will be noted in their file, but can only be invited into one programme. IRCC decides under which programme applicants should apply and be processed. This is called the “precedent”. At launch the precedent order was FST, FSW, CEC. This order was changed to FSW, CEC, FST on June 26, 2015. In the following and until March 9, 2016, the hierarchy was FSW, CEC, FST. Thereafter, IRCC started to invite eligible candidates first as CEC, next as FSW and last as FST, to decrease processing times.⁶ This process is in contrast to SkillSelect in Australia, where candidates themselves decide for which programme they are suited and can apply for several visa categories (but only one occupation) within one application.

All interested applicants must be admissible, in terms of health and security concerns, to enter Canada. In addition, they need to specify the amount of finances they dispose of to support their settlement. Individuals invited to apply as FSW or FST need to dispose of a certain minimum sum, unless they are currently already authorised to work in Canada, and have a valid job offer from an employer in

Canada. Those invited to apply under the CEC do not need to meet the fund requirements. The amount of money required depends on the size of the family. An individual applicant has to proof CAD 12 475. For each additional family member, the amount increases by between CAD 3 000 to CAD 4 000. The amount of minimum funds is adjusted annually.

At this stage, Express Entry assigns applicants an Express Entry Profile Number and a Job Seeker Validation Code. The Express Entry profile remains valid for one year. The initial online assessment takes around 15-20 minutes and the submission of a detailed Express Entry Profile around two hours, provided all required information is at hand.

Age restrictions

While younger candidates obtain more points, there is in principle no maximum age for admission to Canada.⁷ This stands in contrast to the systems in Australia and New Zealand. In Australia,⁸ candidates must be under 45 years of age at time of invitation for the skilled independent visa, in New Zealand the age threshold to submit an EOI for the Skilled Migrant Category Resident Visa is 55 years. Part of the motivation for such age thresholds is the fact that after, the expected working life ahead is no longer sufficient to finance future transfers, and the aggregated discounted fiscal impact tends to turn negative. This age-range typically tends to be around 45 years, but can be earlier or later depending on the expected earnings and the tax-benefit system (OECD, 2013^[7]).

Skilled work experience

Another requirement is experience in skilled employment. As *skilled occupation* are considered those occupations that are listed as skill type 0 (managerial jobs), skill level A (professional jobs) or skill level B (technical jobs and skilled trades) in the 2016 version of Canada's National Occupation Classification (NOC). The minimum requirement for an applicant to the FSW Program is to have 12 months of continuous full-time work experience⁹ in such a skilled profession over the last ten years. Applicants to the CEC need a minimum of 12 months of skilled work experience in Canada, in the last three years. Self-employment and work experience gained as a full-time student do not count as work experience for the CEC. Applicants to the FST class require at least 24 months of full-time work experience in a specific skilled trade (skill level B) in the five years prior to applying. All skilled work experience has to be full-time or the equal amount in part time.

Language competency

Every applicant has to submit his/her proof of language skills in either English or French, the two national languages. This includes individuals born in an English/French speaking country who regard the language(s) as their mother tongue. The language test has to cover four core competences (reading, writing, listening and speaking) and must not be older than two years on the day of application for permanent residence. Applicants can prove English language skills

with the CELPIP-General test or the IELTS General Training test. They can only use the TEF Canada (*test d'évaluation de français*) to verify French skills.

To be eligible for the FSW Program, individuals must meet or exceed the language threshold of Canadian Language Benchmark (CLB) or *Niveaux de compétence linguistique canadiens* (NCLC) 7, which is equivalent to intermediate skills (B2 level in the Common European Reference Framework).¹⁰ To meet the minimum requirements for CEC, the language level depends on the skill level of the job. CEC with NOC 0 or A must have the same language levels as a FSW (CLB/NCLC 7). For a NOC B job, the minimum level is CLB/NCLC 5 (about B1 in the Common European Reference Framework). Thus, for a significant part of CEC applicants, lower language thresholds apply than for applicants in the FSW. The reasons for this are not entirely clear. If anything, a higher Canadian language proficiency should be expected of an applicant who has spent time studying or working in Canada, since language is a key determinant for successful labour market integration. In the case of the FST, the minimum levels for speaking and listening are CLB/NCLC 5 and for reading and writing CLB/NCLC 4.

In New Zealand, applicants to the Skilled Migrant Category Resident Visa need to prove somewhat higher language competency, roughly equivalent to a CLB 8, to be eligible to apply (IELTS level of 6.5 or more, a TOEFL 79 or more, Cambridge English B2 First (FCE)). However, if the applicants proves periods of study or skilled work experience in an English speaking country, this requirement can be waived. Higher levels of English may be required for certain occupations by professional bodies, but are not otherwise rewarded through higher points as this is done in the Canadian CRS (OECD, 2014^[8]). In Australia, applicants to the Skilled Independent Visa (subclass 189) need certified “competent” English language skills, roughly equivalent to a CLB 7 (IELTS level of 6, a TOEFL 69).

Educational qualification

An Education Credential Assessment (ECA) is mandatory for applicants who want to apply as a FSW and no minimum education level currently exists for CEC and FST. FSW applicants must have a minimum of Canadian equivalent secondary school (high school) or post-secondary school certificate. If a candidate earned his/her educational credential outside Canada, a designated organisation must verify its equivalence to a Canadian credential. It is mandatory to use one of currently seven IRCC-designated organisations that issue an Educational Credential Assessment.¹¹ This assessment does of course not guarantee every employer accepts the foreign education as equivalent. What is more, it is not the same as a formal recognition. This is particularly relevant in credentials in regulated professions, for which a licence to practice is required. There are many such occupations in Canada. Currently, Canada regulates around 15-20% of all professions, usually in the mid-skilled segment, and recognition requirements differ by province and occupation. Applicants need to check beforehand whether they intend to work in a regulated profession in Canada, and if so what the procedures for recognition entail.

In New Zealand, educational qualifications have to be formally recognised by the New Zealand Qualifications Authority with respect to the level the qualification occupies on the New Zealand Qualifications Framework (NZQF). However, there is a rather extensive 'List of Qualifications Exempt from Assessment', specifying degrees and awarding institutions by country (New Zealand Government, 2019^[9]).

The FSW specific entry grid

Apart from meeting the above minimum requirements, applicants for FSW must score 67 out of 100 points available in the FSW specific entry grid.¹² Table 2.3 outlines the maximum number of points available per factor.

Table 2.2. FSW entry grid points allocation

Factors	Points (maximum)
Ability in English and or French	28 points
Education	25 points
Experience	15 points
Age	12 points
Arranged employment	10 points
Adaptability	10 points
Total / Pass mark	100 points / 67 points

For language ability, applicants receive 24 points if they pass the CLB level 9 or higher in each of the four language skills (speaking, listening, reading, writing) and can earn additional four points for their skills in the second official language if they score CLB 5 or higher in all of the four. As FSW applicants require a CLB 7 to be eligible, they need at least 16 points for this criteria. In order to receive the maximum 25 points for education, applicants need a university degree at a doctoral (PhD) level or equivalent. Lower education levels grant fewer points. The minimum requirement, a Canadian high school diploma or equivalent, earns a candidate five points in this category. Applicants also receive points for the number of years they have spent in full-time paid work. If their working experience was in a NOC skill level 0, A or B occupation for six or more years within the last ten years, they obtain the maximum number of 15 points. The minimum entry requirement, one year of paid skilled work experience, grants nine points. Regarding age, individuals between 18 and 35 years receive the highest number of points in this category: 12. For each additional year, one points is deducted. Individuals aged 47 or older do not receive any points for age. A full-time job offer of at least one year from a Canadian employer under specific conditions grants 10 points. Finally, applicants can earn in total maximum 10 points for “adaptability”. With this line, one year of full time skilled work experience in Canada grants 10 points. The same goes for combinations of two of the following, which provide five points each: arranged employment, past study experiences in Canada, spouses or partners language knowledge, spouses or partners past study or work experience in Canada, relatives in Canada.

This entry grid is the same points-based system as has been in place for FSW before the introduction of Express Entry. However, achieving the successful pass mark of

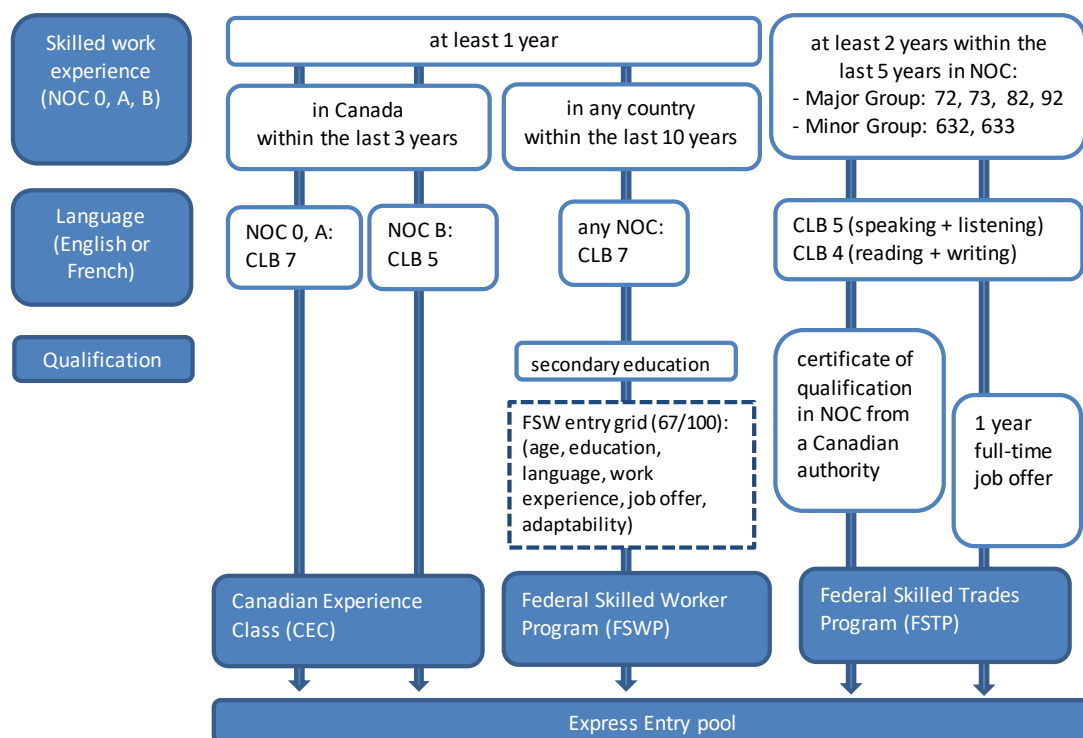
67 points only grants the right to enter the Express Entry pool under the category of a Federal Skilled Worker (FSW). The FSW entry grid is specific to this economic programme and the other economic classes (CEC and FST) do not use any entry grid but specific eligibility criteria.

Additional criteria for FST

In addition to the minimum requirements regarding language and work experience mentioned above, FST-applicants must also meet the requirements for their skilled trade as defined in the NOC. Applicants either have to have a valid job offer of full-time employment for a total period of at least one year, or a certificate of qualification in their skilled trade issued by a Canadian authority.¹³ The FST class is not open to all NOC Skill Level B occupations, but currently limited to four major and two minor groups of the NOC. These occupations are in industrial, construction, maintenance, agriculture, processing, transport and manufacturing trades; as well as cooks, chefs, bakers and butchers.

Figure 2.4 provides an overview of the requirements under each programme to enter the Express Entry pool.

Figure 2.4. Eligibility criteria to enter the Express Entry pool



Source: OECD Secretariat.

Step 2: The Comprehensive Ranking System

Once an interested individual has met the minimum requirements for one of the federal programmes, they are able to complete their profile and enter the Express Entry pool. Based on the information provided, the Comprehensive Ranking System (CRS) automatically calculates each applicant's individual CRS-score.

Table 2.3. Total points allocation in the Comprehensive Ranking System

	Applicant with spouse of common-law partner	Applicant without spouse of common-law partner
Core / human capital factors	460 points	500 points
Spouse or common-law partner factors	40 points	-
Skill Transferability factors	100 points	100 points
Additional points	600 points	600 points
Total max	1 200 points	1 200 points

A candidate can obtain a maximum of 1 200 points.¹⁴ As shown in Table 2.3, applicants who apply without a spouse or common-law partner can earn up to 500 points for core and human capital factors such as education, official language skills, age and Canadian work experience. Those who apply with a spouse or common-law partner can earn up to 460 points for their own core and human capital factors, and up to 40 for those of their partner (excluding for age). In addition, the system assigns up to 100 points for so-called “skill transferability” factors. Finally, the CRS allocates up to 600 points for other factors, such as 50 for a valid¹⁵ job offer (200 in case of a senior management NOC 00 position), up to 30 each for French language skills and post-secondary education in Canada, 15 for a Canadian sibling¹⁶, and the full 600 points for a provincial nomination. The maximum points within each of the three sub-categories (core, skill transferability, other) are an upper limit, so that the grand total cannot exceed the mentioned 1 200 points.

Core and human capital factors

Table 2.4. Points for core and human capital factors in the CRS

	Applicant with spouse of common-law partner	Applicant without spouse of common-law partner
Age (principal applicant)	100	110
Level of education (principal applicant)	140	150
Official languages proficiency (principal applicant)	150	160
Canadian work experience (principal applicant)	70	80
Level of education (spouse or common-law partner)	10	-
Official languages proficiency (spouse or common-law partner)	20	-
Canadian work experience (spouse or common-law partner)	10	-
Total max	500	500

A key innovation in the introduction of EE has been that extensive study and evaluation of previous systems and the determinants labour market outcomes of

immigrants in Canada preceded and informed the design of the CRS. Both the short-term and long-term outcomes were studied in this context. One such study informing the CRS found that language and Canadian work experience are the best predictors of earnings in the short term but education and age at landing are the best predictors in the long term (Bonikowska, Hou and Picot, 2015^[10]). The core and human capital factors reflect these findings (Table 2.4). They include points for age, level of education, official language proficiency and Canadian work experience.¹⁷ Individuals¹⁸ between 20 and 29 years of age receive the maximum of 110 points for the age factor. For older applicants points decrease by five or six points per year, until individuals aged 45 years or older do not receive any points for this factor anymore. Children under the age of 18 receive no points and young adults at age 18 receive 99, those aged 19, 105 points, respectively. This assignment follows the rationale that younger age at arrival positively affects long-term economic integration outcomes, and that the future aggregated discounted net fiscal impact of younger people is higher but that very young individuals still require further education.

In addition, the CRS awards up to 150 points for education. Canadian and overseas educational attainment grant the same number of points within this core set, although there are bonus points for Canadian qualifications in the “other” set of factors. In order to be valid, an IRCC-designated organisation has to issue an Educational Credential Assessment. In order to receive the highest number of available points, individuals need to have a doctoral level university degree (PhD). Lower levels of formal education grant lesser points. For instance, a bachelor degree grants 120 and a secondary diploma (high school graduation) 30 points.

Proficiency in the official languages, English and French, is an important predictor of labour market outcomes in the long-term. The CRS-score allots a maximum of 136 points for proficiency in the first official language, and an additional maximum 24 points for knowledge of the second official language. A CLB/NCLC level of 10 or more in each linguistic capability (reading, writing, listening and speaking) grants the maximum points and anything at or below CLB/NCLC level 4 (which is the lower bound for admission to the pool) grants no points. Language requirements for skilled labour migration are common across OECD countries. However, the Canadian system is particularly refined, as no other system awards points for language both along a seven-step scale while differentiating between the four linguistic abilities (reading, writing, listening and speaking). In New Zealand, language skills above the required pass mark to enter the pool do not result in a higher overall score, while the Australian system awards points only along a three-step scale.

Work experience in Canada can earn up to a maximum of 80 points under the core factor. Individuals having worked at least for one year full time in Canada receive 40 points, and points increase by years of additional Canadian work experience. For five years or more, the maximum number of 80 points is granted. Foreign work experience is not a core factor – in contrast to the FSW grid – and grants points only under the skill transferability factors.

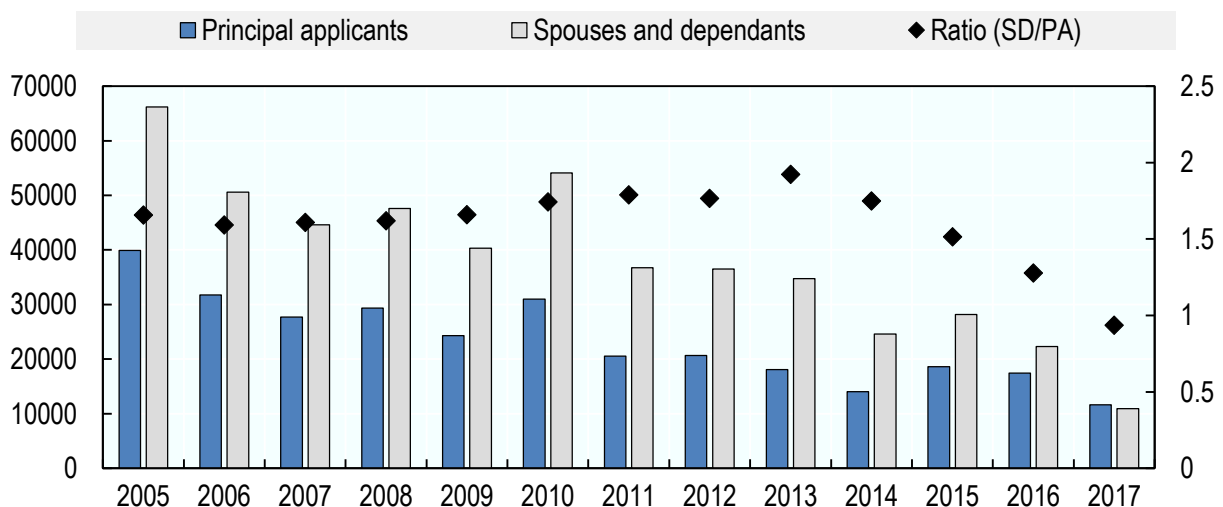
Points for spouses and common-law partners

A further unique feature in the Canadian system is that there are two separate calculations in the CRS for applicants with spouses/common-law partners and those without. If applicants want to bring their spouse or common-law partner with them to Canada as accompanying family in the economic class, they thus need to provide details of their level of education, language proficiency and Canadian work experience, i.e. for the same core factors as for themselves with the exception of age. Applicants can receive up to 40 points for their spouse/common law partner.

Applicants who want to bring their partner to Canada need to provide this information even if their partner reduces their points score relative to a single application. An applicant's spouse or partner might not want to join the applicant and immigrate to Canada. In this case, the CRS assesses the applicant as if he/she does not have a partner. Likewise, if the spouse or partner is a Canadian citizen or permanent resident, applicants earn points as if they do not have a spouse or partner.

At the beginning of 2019, the maximum contribution of spouses and common-law partner points – assuming a CRS-score of 441 as the median pass mark in the second half of 2018 – is 9% of the pass mark. The new calculations differ from the pre-EE system, where principal applicants earned maximum 10 points for adaptability, which could optionally include qualifications and experience of spouses. As such, spouses could add 15% of the total pass mark (10 points out of 67) but principal applicants bringing their spouse could also achieve these points by other means such as previous studying or working experience in Canada.

Figure 2.5. Federal Skilled Worker Program, principal applicants, and spouses and dependants, 2005-17



Source: OECD Secretariat calculations based on data from IRCC.

In this context, it is of interest to investigate whether EE had an impact on the composition of applicants – i.e. whether applicants under EE are more likely to be single, and/or whether married labour migrants under EE are more likely to resort

to subsequent family reunification rather than bringing them along. While between 2005 and 2014, the ratio of permanent principal labour applicants landing under the FSW and the number of accompanying spouses and dependants has been constant, since the introduction of EE there has been a sharp decline in the share of the latter (Figure 2.5). Note, however, that it is not clear whether this relates to changes in selection procedures, such as the CRS-score, changing characteristics of the applicants themselves, such as a younger age of the principal applicants (as younger people are less likely to have family), or a decision to exclude spouses and dependants on the permanent residence application. Indeed, in parallel EE also favours younger candidates (both by strengthening the importance of age as a selection criterion and by no longer rewarding long previous work experience), and the average age has indeed declined (see next section).

Whilst the bulk of principal applicants are men, it is noteworthy that immigrant women in Canada are the highest-educated among all immigrant groups (regardless of gender) in the OECD, with more than 60% having tertiary education (OECD/EU, 2018^[11]). At the same time, during the ten years prior to the introduction of EE, only around 35% of principal labour migrant applicants were women, and this share rose only slightly with EE, to 38% (IRCC, 2018^[12]). This suggests that not only female principal applicants selected themselves, but also those accompanying partners or migrating under family streams tend to have a high level of education.

Within the partner points, language is key – accounting for half of the total (see Annex 2.A for an overview of the CRS). In New Zealand, spouses of applicants have to prove the same language levels as the principal applicant. Other spousal skills can add up to maximum 40 additional points to the EOI score: 20 for high education levels, at the Master's or doctoral level, and additional 20 points for (pre-arranged) skilled employment in New Zealand. This is a maximum of 25% of the currently effective selection mark of 160 (see Table 2.5 below). These points do not affect the amount of points the principal applicant can receive, i.e. they are an add-on. Likewise, in Australia, applicants can earn up to five additional points for partner skills provided their partner meets the same eligibility criteria as themselves (language, age, assessed occupation on occupation list) which is 7% of the currently effective selection mark of 70 points.

Table 2.5. Points distribution in EOI systems

Shares of factors for maximum available points and effective pass mark during the second half of 2018.

	Share of maximum points				Share of effective pass mark			
	CAN (without spouse)	CAN (with spouse)	AUS	NZL	CAN (without spouse)	CAN (with spouse)	AUS	NZL
Language	18	17	17	0	36	34	29	0
Language ability in first language	16	15	17	0	31	29	29	0
Language ability in second language	3	3			5	5		
Education	21	19	26	27	41	39	43	53
Academic qualifications	17	16	17	23	34	32	29	44
Additional points for academic qualification in country	3	3	9	5	7	7	14	9
Age	13	11	26	10	25	23	43	19
Work experience	9	8	22	24	18	16	36	47
Work experience abroad			13	16			21	31
Work experience in country	9	8	17	3	18	16	29	6
Work experience in area of absolute skills shortage				5				9
Professional year (certain occupations) after studies			4				7	
Employment	23	23	0	26	45	45	0	50
Skilled job offer/current employment in country	23	23		16	45	45		31
Qualified for/job offer in an area of absolute skill shortage (NZL)				3				6
High paid job offer/current employment in the country				6				13
Certificate of qualification in trades occupation	6	6			11	11		
Close family	2	6	4	13	3	12	7	25
Socio-demographic characteristics of spouse/partner		5	4	13		9	7	25
Sibling	2	2			3	3		
Skill transferability	11	11			23	23		
Other factors	3	3	4	0	7	7	7	0
Maximum Points / Effective pass mark	875	875	115	310	441	441	70	160

Note: For comparability purposes, the table excludes regional elements: 600 points in Canada, 30 points in New Zealand and five points in Australia. Effective pass mark in Canada refers to the median pass mark during the second half of 2018. In New Zealand and Australia to the selection mark in the second half of 2018. The total of the sub-item (marked bold) is the maximum under the respective category.

Source: OECD Secretariat.

In this context, it is important to note that in Canada, spouses and dependants – like all other migrants – are eligible to free (and in principle unlimited) language training which is the key part of the settlement services provided by Canada.¹⁹ In Australia, which also has free English language training for most new arrivals in need – subject to certain conditions – there is a higher visa fee (around AUD 5 000, depending on the category) for spouses and dependants who do not have functional English. Similar provisions exist in New Zealand, where persons included in the

application who are aged 16 and older have to either meet the same minimum requirements as the principal applicant, or to pre-purchase English tuition. This can range up to NZD 7 000 (OECD, 2014^[8]). Between 1995-98, New Zealand had a language bond, requiring spouses and dependants to pay a certain amount that was reimbursed if they managed to acquire the required minimum level of English language mastery within a year of arrival.

Skill transferability points

One innovation of the CRS in Canada is to include skills transferability factors. Skills transferability factors acknowledge interaction effects among several selection factors. For instance, research has shown that high education, especially foreign qualifications, tends to be largely discounted at the Canadian labour market, unless the migrant at the same time has a good official language knowledge. Likewise, foreign work experience has been almost completely discounted in Canada in the past, unless combined with proficiency in official languages (Bonikowska, Hou and Picot, 2015^[10]). Indeed, foreign work experience does not grant points in the CRS without either knowledge of official languages or prior Canadian working experience. Awarding such points for interactions is unique to the Canadian system.

One of the interactions credits education and the other foreign work experience (Table 2.6). Both grant extra points if a candidate simultaneously has a certain language proficiency or Canadian work experience. In addition, a certificate of qualification for trade occupations grants points, provided a certain level of language skills. In total, five such pairs of skill transferability exist with different combinations of factors. The maximum points for each interaction are 50 and the total from all interactions cannot exceed 100 points.

Table 2.6. Skill transferability points in the CRS

	Language Skills (CLB 7 or more)	One year or more of Canadian work experience	Language Skills (CLB 5 or more, one below 7)	Points maximum
At least post-secondary programme	13, 25, 50	13, 25, 50		Max. 50
One year or more of foreign work experience	13, 25, 50	13, 25, 50		Max. 50
With a certificate of qualification (FST)	50		25	Max 50
Maximum points for Skill Transferability				100

To receive the full number of skill transferability points, a 3-year higher educational degree (such as a bachelor's degree), strong (CLB 9) language skills, and either three years of foreign or two years of Canadian work experience are necessary.

Lower qualifications and experiences grant already - albeit fewer – points, whereas additional years of work experience beyond the ones mentioned do not add points.

Individuals applying under the FST class receive up to 50 points for a certificate of qualification, provided simultaneous good language skills. Depending on the occupation, only provinces, territories and specific federal bodies can issue a certificate of qualification. Applicants must have passed a certification exam to have their training, trade experience and skills recognised, usually from a province/territory. Applicants may also need experience and training from an employer in Canada.

As noted, the CRS grants points for foreign work experience only given high language skills and/or simultaneous Canadian work experience. Otherwise, foreign work experience does not grant any points for the final CRS-score. Here, the Canadian system differs from peer systems in Australia and New Zealand. In both countries, foreign work experience grants points irrespective of language skills and working experience in the country. In order to achieve the maximum number of points for this category, individuals have to prove eight (Australia) or ten (New Zealand) years of skilled work experience, respectively, whereas in Canada the maximum number of interaction points is granted for three years of foreign work experience already.

Additional points

The CRS awards up to 600 points for so-called “other factors”, which is 50% of the total possible CRS-score. These include 50 points for arranged employment in a skill Level 0, A or B occupation, (200 in a NOC 00 occupation), and up to 30 points for post-secondary education in Canada. Applicants receive the total of 600 points for a provincial or territorial nomination. While a job offer typically reflects demand, it also reflects human capital as substantiated by employers in the context of their specific immediate needs. Provincial nominations can address both demand and supply depending on the objectives of the EE-linked programme of the province or territory. The 600 additional points provided by a provincial or territorial nomination ensure selection in the next ITA round. Changes to the CRS in June 2017 introduced additional 15 points for a sibling living in Canada who is a citizen or permanent resident, and up to 30 points each for Canadian post-secondary education and for strong French language skills with simultaneous fair English language skills.

Key issues in the functioning of Express Entry

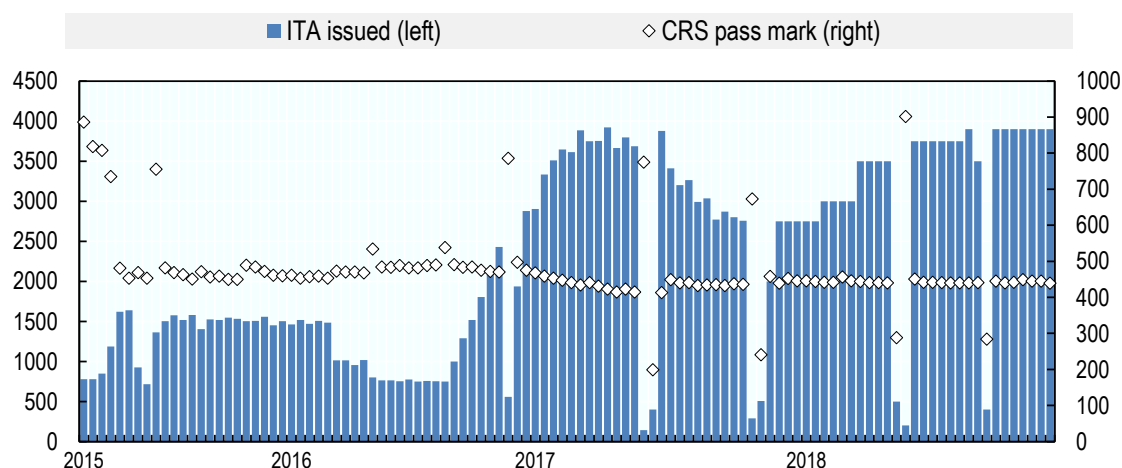
Control and flexibility

IRCC controls the timing and magnitude of new application intakes...

Based on its multi-year immigration levels plan, IRCC defines the total number of invitations in each round. In its first two years of operation, invitations were limited due to the parallel processing of eligible backlog applications that were filed under

the previous system. Over the first months of 2017, when the pre-Express Entry backlog for the FSWP and the CEC was almost depleted, ITA round sizes were increased to create a working inventory of applications. IRCC then somewhat reduced the size of the ITA rounds but since 2018 increased the total intake again, to ensure a steady application submission for meeting the targeted processing time for Express Entry applications (Figure 2.6).

Figure 2.6. ITA issued per Express Entry draw and required pass mark, 2015-2018



Source: OECD Secretariat visualisations based on data from IRCC.

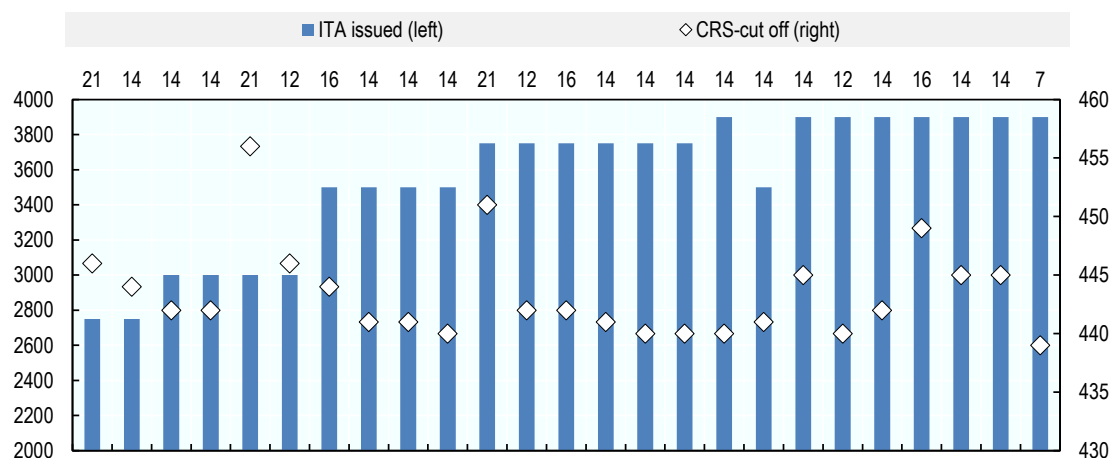
...including programme-specific draws

Express Entry allows IRCC to conduct programme-specific draws from the pool. In such programme-specific invitation rounds, the minimum CRS-score to receive an ITA can be considerably higher (for PNP, due to the additional 600 points for provincial nomination) or lower (for FST) than in the general biweekly Express Entry draws. Apart from these draws, the pass-mark for selection has been remarkably stable, especially in 2018.

As the Express Entry pool is growing, many applicants have the same CRS-score. Hence, inviting all applicants at the pass mark could result in a number of ITA issued considerably higher than planned by the ministry. Against this backdrop, in June 2017 IRCC announced to change its previous policy to invite all candidates who meet the pass mark. The system now ranks applicants with the same CRS-score based on the date of submitting their EOI in the pool. Australia applies the same rule while New Zealand invites all applicants in the case of tied scores.

The floating pass mark (CRS-cut off) suggests a system that responds to changing parameters

Figure 2.7. How the CRS-cut off score changed during 2018



Note: On May 30, 2018, IRCC invited 700 applications under the PNP and FST classes with a cut-off of 902 and 288. On September 24, 2018, IRCC invited 400 applications under the FST class with a cut-off of 284. These draws are not shown in the graph.

Source: OECD Secretariat visualisations based on data from IRCC.

In 2018, apart from two programme-specific draws, the government invited in each round between 2 750 and 3 900 candidates to submit an application and the resulting CRS cut-off was between 439 and 456 points (Figure 2.7). During 2018, the government did not introduce any changes to the CRS. Nevertheless, the CRS-score needed to receive an ITA varied somewhat. It partly reflects the changing composition of the pool as individuals enter and leave, but also the size of the current draw and the time lapse since the previous draw (and its size). In fact, whenever the time between two rounds of regular invitations is three instead of the usual two weeks, the cut-off in the next draw is slightly higher. In turn, where the period between two draws is shorter, the cut-off tends to be lower. Likewise, successive periods of rather large draws tend to be associated with somewhat lower pass-marks.

This floating pass-mark contrasts somewhat with the operation of the SkillSelect system in Australia and the EOI-system in New Zealand. New Zealand sets a minimum pass mark to enter the pool (100 points) and the admission mark for each draw depends on government priorities. In 2018, only those with a score above a certain threshold (160 points) received invitations to apply while, until October 2016, those between two thresholds (100 and 140 points) were ranked by point-scores and preference were given to applicants with a job offer. In Australia, SkillSelect issues invitations automatically to the highest-ranking EOIs, in descending order as in Canada, but only until a pre-defined limit subject to annual occupation ceilings. What is more, the pass-mark is rather stable. In Canada, applicants are continuously invited and no occupation limits exist. Hence, interested

applicants have a high incentive to acquire all possible points to achieve their highest CRS-score for any possible round.

Ministerial Instructions allow for flexibility in migration management, but should be used parsimoniously

In the over four years of Express Entry operation, IRCC has made several changes to the calculation of the CRS-score. In November 2016, IRCC reduced the previously large number of 600 points awarded for a valid employment offer to 50 points in a NOC 0, A or B job (and 200 for senior management positions, NOC 00).²⁰ In addition, thereafter applicants received up to 30 points for post-secondary education in Canada. These policy changes impacted considerably on the composition of the intake. After the 49th draw, when changes applied, the cut-off score declined considerably. In fact, the median pass mark before these changes came into effect was 472 and thereafter until the end of 2018, it was reduced to 441 points, reflecting a shift from a system that largely privileged labour demand to a system that remains largely supply-driven. Whereas in 2016 one-third of EE-invited candidates had a job offer, in 2017 fewer than 10% did (IRCC, 2018_[13]).

Other changes introduced in June 2017 granted 15 additional points for a siblings living in Canada and up to 30 additional points for strong French language skills. Those changes were associated with a rise in CRS-score needed to receive an ITA in the first round implemented from 413 to 449. Since then until the end of 2018, the pass mark has remained relatively stable at around 440 to 450 points.

As such, the system provides flexibility to IRCC via Ministerial Instructions to change selection criteria (point allocations) without requiring major legislative changes. In the case of such announced changes, the CRS-score of individuals already in the pool updates automatically applying new rules of calculations. Applicants can also add additional information to receive further points.

All considered, the system is thus able to alter the composition of invited applicants quickly and to respond to changing priorities. On the other hand, this implies that the possibility to award bonus points for characteristics and attributes of migrants needs to indeed respond to solid economic and/or demographic evidence, to avoid that they are unduly affected by possible interest group pressure. What is more, a large number of potential bonus points risks significantly altering the result of who is selected and who is not. Considering the long-term objective of the system to balance human capital with other characteristics, and the fact that a large part of the pool is around the pass-mark (see Figure 2.9), micro-management via Express Entry is a risk that needs to be avoided.

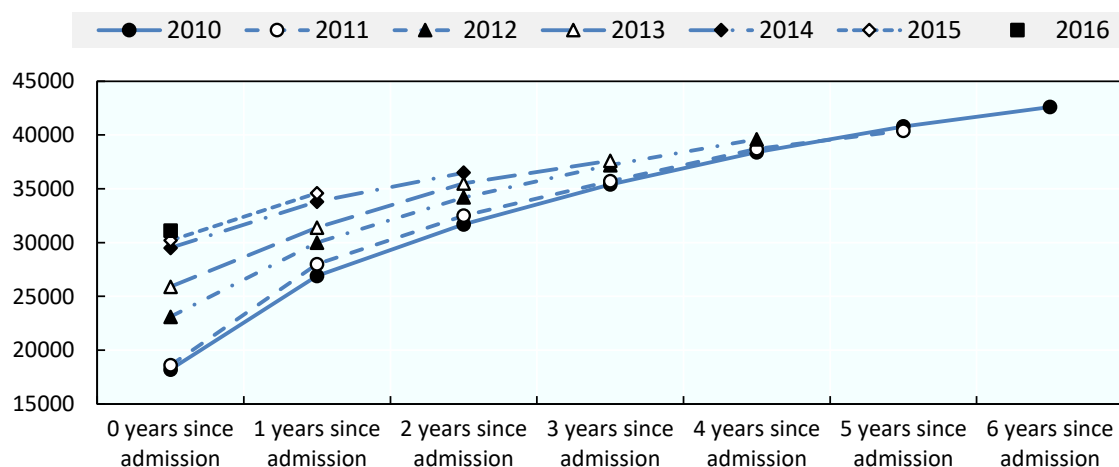
Selecting those with the highest potential to succeed

Early labour market outcomes of Express Entry immigrants are favourable

One year after admission in 2015, 86% of all economic principal applicants – including those who were admitted outside of EE – had reported employment income. This was a higher share than in the previous ten years. In fact, with the

exception of 2008 (the year of the economic crisis), the share has constantly increased since 2005. Likewise, the reported income tends to be higher than among prior cohorts of admission, although this was an ongoing trend observed for many years already (Figure 2.8).

Figure 2.8. Median earnings in CAD of labour immigrants by years since admission (landing) and arrival cohort



Note: Median of those with income (wages, salaries and commissions).

Source: OECD Secretariat calculations on the basis of data from Statistics Canada.

Due to the time lag between immigrants landing, starting to work and filing income tax declaration, only limited analyses on the labour market results of recently-arrived immigrants under EE are possible. Data from the 2016 IMD – using labour immigrants from 2015 and 2016 – suggests that the median earnings of labour immigrants (FSW, FST, CEC, PN) landing via EE are higher than among those coming from outside EE.

A survey from IRCC compared the outcomes of EE-selected labour immigrants who were admitted between 2015-18 with those who were non-EE-selected (i.e. the previous backlog) but admitted during the same period. It shows that twelve months after admission, 87% of EE-selected respondents had secured a first job, compared with 82% for non-EE-selected respondents. What is more, the average and median self-reported income of EE-selected immigrants was higher compared to non-EE-selected respondents. This was true for both the first job in Canada as permanent resident and the current job at the time of the survey for those in employment (IRCC, forthcoming^[14]).

EE prioritises those with the highest skills and other attributes linked with lasting integration

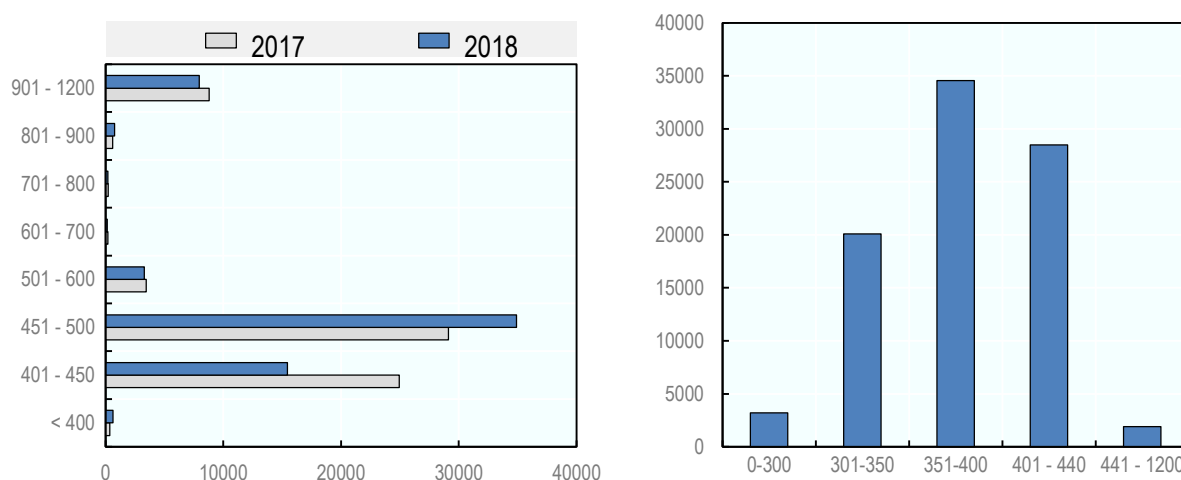
In contrast to the pre-2015 system, Express Entry ranks eligible candidates by their skills level, choosing those with higher skills rather than those with lower skills, and ensuring that the highest-skilled get chosen first. While it is too early to actually

compare outcomes pre- and post-EE, by its very design, it is a clear improvement over the previous system in this respect.

Based on the minimum criteria outlined for pool eligibility which were the same as under the previous system without such ranking, a FSW applicant needs a minimum CRS-score of 98 points, a CEC applicant 64 CRS-points and a FST applicant 74 CRS-points. Hence, given the minimum requirements, a CRS-score of 64 points is sufficient to enter the EE-pool. This is less than 15% of the median pass mark for selection in non-programme specific draws. Even for FSW, the programme with the most restrictive pool entry requirements, this results in only 22% of the points required for the median pass mark in the second half of 2018 (441). In New Zealand, interested candidates for permanent skilled migration must achieve a score of 62.5%, i.e. 100 points out of a current pass mark of 160 to submit an application. In Australia, the eligibility score to apply under the Skilled Independent visa is 65 points, a full 93% of the score needed to be selected in the second half of 2018, which was 70 points (albeit it was higher for certain occupational groups).

Express Entry operates a large pool of skills

Figure 2.9. Applicants invited to apply by ITA in 2017/18 and EE-pool snapshot of August 2018



Source: OECD Secretariat calculations based on data from IRCC.

In 2017 and 2018, 80% of invited and subsequently landed immigrants under EE had a CRS-score between 400 and 500 points, and 14%, virtually all of them provincial nominees, a CRS-score over 600. Applicants who do not receive an ITA, or decline an offer, remain in the pool for up to twelve months (Figure 2.9). Invited applicants who do not react to an invitation to apply are withdrawn from the pool.

The snapshot of the pool of active candidates in August 2018 shows that about a third of applicants in the pool have a CRS-scores between 401-440 points, suggesting a reasonably high qualification level to being picked in future draws (Figure 2.9). However, about a third of applicants have a CRS-score below 350 points. The system will only select these candidates if they are eligible for

programme-specific FST draws, or if they manage to obtain a Provincial Nomination.

During the first three years of the new systems operation, only about one-third of profiles in the Express Entry pool received an ITA and submitted an application for permanent residence in Canada. A recent analysis of the Australian labour migration system shows that in SkillSelect on a monthly basis, around two-thirds of those entering the pool (submitting an EOI) receive an ITA. Compared to this peer system, Express Entry is thus less selective in its first step (the Expression of Interest) as only minimum requirements apply, in the second step however, relatively fewer candidates receive an ITA.

The reason for continuing a Federal Skilled Trades Program is not evident

Created in 2013, the FST provides a pathway to permanent residence for individuals in a selected group of the skilled trades. These are occupations in industrial, construction, maintenance, agriculture, processing, transport and manufacturing trades, as well as for cooks, chefs, bakers and butchers. Applicants need to meet the requirements for their skilled trade as defined in the NOC, and either a valid job offer for full-time employment for at least one year, or a certificate of qualification in their skilled trade issued by a Canadian authority. In spite of providing a lower human-capital threshold access to permanent residency than CEC and FSW, the programme has taken off only very slowly, already before the introduction of EE. One reason for this is the fact that some skilled trades tend to be regulated professions. Therefore, individuals often need to go to their intended province/territory of residence to be assessed for their trade.

After over six years of operation of the FSTP, it is not clear why Canada runs a federal immigration programme for labour immigrants in this narrow range of occupations many of which require certification at the provincial/territorial level. Canada's latest Occupational Projection System (COPS 2017-2026) predicts labour demand and supply to be broadly balanced in most of these respective occupations at the national level. Indeed, some occupations such as cooks (NOC 6322) are even expected to face labour surplus conditions (ESDC, 2017^[15]).

Express Entry, a system designed for managing high-skilled migration, does not include applicants under the FSTP in regular selection draws, due to their relatively lower human capital endowment and resulting lower CRS-score. After the decrease of points awarded for a valid job offer – from 600 to 50 points following November 2016 – candidates in the EE-pool who were (only) eligible for the FSTP have never been invited in a regular round of invitation.

What is more, other entry paths are available for immigrants in such occupations but not under this programme. Qualifying individuals with a similar skill set but at least one year of Canadian work experience are always invited under the CEC, and there is always the possibility of provincial nomination under the PNP (see Chapter 4).

Given their relatively low skills, applicants under the FST programme are not invited to apply anymore in regular EE draws, in 2017 only 906 FST and in 2018 only 900 FST were invited in special draws. In these years, only 345 and 280 of individuals invited to apply submitted an application for permanent residence, suggesting that many do not land.

Within FST, the largest group intended to work as cooks (30% and 34%), which raises the question of appropriate targeting, given that this is an occupation in which no future labour shortages are expected. What is more, in 2017, EE admitted over 550 individuals under its other streams (CEC, PNP and FSW), intending to work as cooks, and in 2018 this number was over 650. This also suggests that other channels such as CEC or provincial nomination in EE are in fact used by the same target group.

Indeed, provinces and territories that need qualified labour migrants in certain trades can search the pool and invite individuals via enhanced nominations in the EE-pool. In fact, the only province that still admits a considerable share of its economic immigrants under the FSTP is Alberta: 4% of its intake of 2018 (until October). More than half of all federal skilled traders admitted via EE since its introduction intended to settle in that province. At the same time, Alberta is the only province that has not yet admitted any provincial nominees via EE and only recently introduced its EE-linked PN stream.²¹

A universal pool entry grid, based on the core CRS factors, would set minimum standards

As a crucial distinction to previous selection, the CRS ranks all candidates against one another in the EE-pool.²² The main difference between applications under the FSW, FST and the CEC is thus their pool entry eligibility²³. Future Provincial Nominees under EE have to meet one of the entry requirements of one of the three federal programme. The Canadian Experience Class (CEC) was introduced in 2008 to help address substantial application backlogs and waiting times in the FSW, allow for a transition of individuals already working in Canada as well as to increase responsiveness to labour needs (IRCC, 2015^[16]). Given that Express Entry favours onshore transition and has eliminated backlogs, the continuous need of a CEC is thus not clear. A further objective of the CEC was to provide a pathway for international graduates, who now receive bonus points in the CRS for Canadian study experience.

FSW applicants go through an entry point grid while CEC (and FST) applicants do not. There are some inconsistencies between the FSW-entry grid and the CRS in the EE-pool. For instance, a 19-year-old applicant receives the maximum number of age-points in the FSW-entry grid, but less than maximum in the CRS. In turn, a 45-year-old applicant receives 0 (out of 110) points for age in the CRS, but still 2 (out of 12) points in the FSW-entry grid. Further, the FSW-entry grid rewards up to six years of foreign work experience. By contrast, in the CRS, only three years of foreign work experiences already allow for the maximum number of points

available, and these points are only granted given at least one of two other factors: official language knowledge and/or Canadian work experience.

Regarding language knowledge, CEC and FSW admissions (excluding Quebec) in 2017 are very similar (98% and 97% only speaking English). In terms of age structure, individuals admitted under the CEC in 2017 are younger than those under the FSW. A full 58% of CEC-admitted are below the age of 30. Admissions under the FSWP fall mostly in the age-range 30 to 44 (61%). In addition, the majority of immigrants admitted under the CEC intended to work in a NOC B occupation, while the majority of FSW admissions intend to work in a NOC A occupation. Against this backdrop, it is not clear why CEC applicants are not subject to the same minimum requirements as FSW to enter the pool.

Such a revised new entry points grid for all skilled migration, based on the core factors of the CRS-grid, would also enhance transparency. The core criteria of the CRS (age, education, languages and Canadian work experience) could provide the basis for such a universal points grid for all candidates in the first stage (to submit an EOI). The entry grid should only allow those candidates to enter the pool who have an assessed minimum standard of formal education – for instance high school education – and a language level of “adequate intermediate ability” (CLB7).

This is a higher language ability than currently required for Skill Level B applicants under CEC (and FST). However, language proficiency at arrival is a central skill portability factor and predictor of labour market outcomes (Ferrer, Green and Riddell, 2006^[17]; Bonikowska, Green and Riddell, 2008^[18]; OECD/EU, 2014^[19]). For a successful transfer of cognitive “high skill” abilities, a higher language proficiency is more important than for the transfer of manual skills. Hence, a more proficient language requirement offers some protection for high-skilled immigrants against being pushed to take up employment in manual occupations for which they are not qualified (Imai, Stacey and Warman, 2018^[20]). What is more, host-country language ability²⁴ seems to be the only form of human capital that is beneficial to both those who do and those who do not work in the same occupation as before migrating (Warman, Sweetman and Goldmann, 2015^[21]). As mentioned, CLB 7 (equivalent to an IELTS 6.0) would be the same level as required for the skilled independent class in Australia, and a still higher level of language ability is required for the Skilled Migrant Category of New Zealand (equivalent to IELTS 6.5).

The requirement of one year of skilled work experience in Skill Level B, A or zero occupation prior to permanent migration is plausible. It allows for a genuine assessment of immigrants intended occupation as many seem interested in switching jobs when immigrating and “upgrading” from a lower-skilled pre-immigration job to a higher-skilled upon landing in Canada (Warman, Sweetman and Goldmann, 2015^[21]). However, this requirement somewhat prevents international graduates from Canadian universities – with the exception of those graduating from an Atlantic educational institution who have access to the Atlantic Immigration Pilot – to qualify for permanent federal immigration programmes immediately after graduation without any work experience, as off-campus work experience does not count towards this requirement. Australia waived the work

experience requirement for students completing qualifications at an Australian educational institution, effectively placing greater weight on Australian qualifications in the points system.

Given harmonised pool eligibility criteria, and the recommended termination of the FST class, a merger of the remaining skilled immigration categories CEC and FSWP could be considered. In fact, the 2017 and 2018 multi-year Immigration Levels Plans already acknowledge the overlap between the three main Express Entry categories. It does no longer set CEC, FSW and FSTP-specific admissions ranges. Instead, it uses one category: Federal High Skilled (IRCC, 2017^[22]; IRCC, 2018^[23]).

Landing depends on the migration class rather than on the CRS-score

A key question is whether there is some kind of selectivity among those who are invited to apply and those who actually do so. In Australia, those with higher points scores turn out to be less likely to submit an application than those who have lower points and receive an ITA (OECD, 2018^[5]).

Looking merely at the points, this pattern seems opposite in Canada. Only 12% of individuals that received more than 600 points in the CRS-score did not submit an application.²⁵ Among those scoring between 400 and 499 points, this share is 25%. However, these numbers from Canada are not easily comparable to other systems. The reasons being that individuals under the PNP and CEC programme often have previous ties to Canada and many are in fact already residing in the country. This affects both, their CRS-score as well as their probability to land in Canada as permanent residents. When looking at the FSW category alone, 26% of those who received an invitation to apply did not submit an application. The respective shares are lower for the CEC (19%), the FST (15%) and the PNP (13%).

Low points for (foreign) work experience results in younger applicants

Given the relatively low number of points – compared to the FSWP – awarded by the CRS for work experience and the high number of points for (lower) age, one would expect recent immigrants selected via EE to be significantly younger than those selected prior to 2015. Data from admissions under the CEC and FSWP, excluding those admitted to Quebec, confirm this expectation. In 2017, the majority of admissions under these two classes was younger than 30 years of age (51%). Another 46% were between 30 years and 44 years old, and only about 3% were 45 and older. Prior to EE, in 2014, admissions under these classes were mostly aged between 30 and 44 years (60%), with 30% younger and about 10% older.

Points for Canadian work and study experience favour onshore selection

Until October 2018, most applications who received an ITA under EE and subsequently submitted an application were part of the Federal Skilled Worker 44% (73 593) and the Canadian Experience Class 40% (68 140). By contrast, only about 13% were issued to Provincial Nominees (21 635) and just 2% applied under the Federal Skilled Trades Program (3 746). In Express Entry a relatively large share

of applicants arrive via the CEC stream compared to pre-EE admissions (Chapter 1). This change reflects the points allocated for Canadian work (and more recently study) experience in the CRS as well as the new sorting hierarchy within Express Entry discussed previously. Indeed, Canadian work and study experience has become a major advantage for permanent selection under EE (Figure 2.7).

The CRS-score awards, since November 2016, up to 30 extra points for Canadian education credentials and in 2017, 45% of applicants invited to apply for permanent residence under EE claimed such points (IRCC, 2018^[13]). This is a sharp increase from pre-EE: In 2014, the share of labour immigrants landing outside of Quebec who had a previous study permit was only 24%. In other words, now almost half of all those selected in EE have Canadian education. A Canadian two-year Master's degree with the minimum required one year of foreign skilled work experience provides more points than a foreign master's degree and any amount of foreign work experience. For Canadian work experience, the CRS awards points twice: in the core factors as well as in the interaction factors (Figure 2.7)²⁶. A foreign Bachelor's degree holder with just one year of Canadian work and no further experience surpasses an otherwise similar applicant with the same educational level and foreign work experience, regardless of the number of years of experience. However, due to the interaction factors, this is not the case for applicants with a foreign Master's degree, where one year of Canadian work experience alone does not grant more points than three years or more of foreign work experience.

Table 2.7. How the CRS values foreign and Canadian work and study experience

Applicant 28 years old, with English (CLB 9) and no French, applying without a spouse/common law partner

	Foreign BA and 3 years or more of foreign work experience	Foreign BA and 1 year Canadian* work experience	Foreign MA and 1 or 2 years of foreign work experience	Foreign MA and 1 year of Canadian* work experience	Foreign MA and 3 years or more of foreign work experience	Foreign BA + 1 year of foreign + 1 year of Canadian* work experience	Canadian (2-year) MA and 1 year of foreign work experience
Core and Human Capital Points	354	384	369	409	369	394	369
No spouse or common-law partner points							
Skill Transferability Points	75	38	75	50	100	76	75
Additional Points							30
CRS score	429	432	444	459	469	470	474

Note: "BA" denotes one three-year or longer post-secondary credential. "MA" stands for a master's or entry-to-practice professional degree. *Canadian work experience during the previous three years.

Source: OECD Secretariat calculations.

In 2018, the CRS cut-off score for invitation for permanent residence has mostly been between 440 and 450 points. Hence, the table suggests that the current system favours candidates with Canadian experience. Given the relatively large number of

international students and temporary workers gaining relevant Canadian work experience, this situation is likely to remain for the coming years. In fact, 49% of all ITAs for permanent residence issued via EE in 2017 were for individuals who were already residing in Canada. Total numbers almost doubled while the relative share decreased from previously 64% in 2016 (IRCC, 2018^[13]).

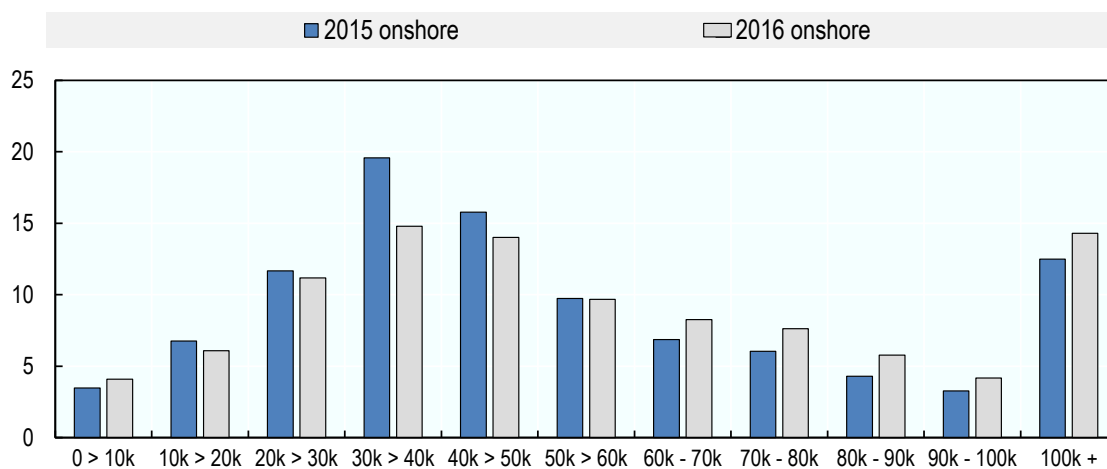
While no data exists on how study experience in Canada benefits long-term labour market integration, immigrant's source country education quality matters and affects the return to education (Li and Sweetman, 2013^[24]). The current system requires an Educational Credential Assessment (ECA) only for those submitting an EOI under the FSW, a potential imbalance as discussed previously. However, everyone in the pool who wants to earn points for education needs an ECA unless they earned a Canadian degree, diploma or certificate within the last five years.

Salary should be considered as a proxy for high-skilled work experience in Canada

Research has shown that pre-landing skilled Canadian work experience is an important factor for faster economic integration of landed immigrants (Hou and Bonikowska, 2016^[25]; Bonikowska, Hou and Picot, 2015^[10]). The CRS currently accounts for this by awarding points for the duration of Canadian skilled work experience (NOC 0, A and B).

Currently, Canada uses the duration of work experience and the NOC as a proxy for high-skilled employment. However, as the 2016 IMDB data shows, incomes among individuals with pre-landing experience transitioning to permanent residency vary considerably (Figure 2.10).

Figure 2.10. Share of labour migrants by earning groups, Express Entry onshore transitions



Note: Labour immigrants admitted in 2016 might not have worked a full year yet. Numbers shown hence might underestimate their earning.

Source: Statistics Canada, 2016 IMDB.

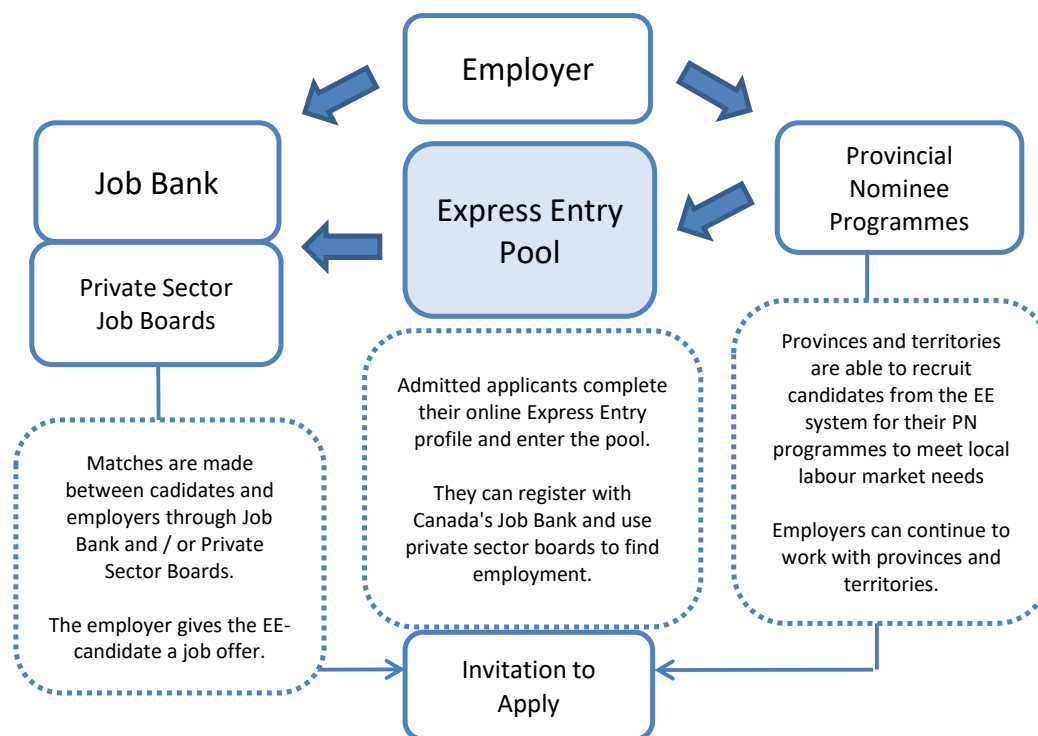
At the same time, Hou and Lu (2017^[26]) show that, for persons with prior Canadian work experience, the payment received while working in Canada, rather than the duration thereof, is the best proxy for future earnings. Several other OECD countries also use the salary as a proxy for classifying high-skilled employment. However, these generally refer to the wage offered (i.e. after landing). The most prominent example is the European Blue Card Scheme that among other conditions requires the applicant to receive a salary at least equal to the threshold set by the individual Member State. Similarly, the Danish Pay Limit Scheme allows applicants with a job offer and salary above a threshold to reside and work in the country for an initial period of maximum four years. Applicants to New Zealand's Skilled Migrant Category Resident Visa can claim 20 additional points (12.5% of the effective selection mark of 160) for a salary/salary offer above a certain remuneration threshold²⁷. Since August 2017, New Zealand also uses remuneration thresholds as an additional means of defining skilled employment. The United Kingdom also uses salary for classifying high-skilled jobs.

Moving to a salary reference, for example linked to the pre-application year of work experience in Canada, would thus not be an unusual step to take. At the same time, it would remove the somewhat arbitrary points allocation for the years of Canadian work experience in the current system. Individuals applying without a spouse receive already half of available points for Canadian work experience in the core factors, currently 35 points, after only one year of experience, but the full number of 70 points only after five years. At the same time, a number of steps should be taken to ensure integrity. To account for different labour market conditions across the country, the salary should be relative to where the experience was obtained rather than absolute. For part-time work and recent graduates who would get lower earnings, refined solutions would need to be developed.

The CRS allocates points for the duration of Canadian work experience a second time in the skill transferability factors, but here the maximum number of interaction points is available after two years of Canadian work experience. In contrast, the total number of interaction points for foreign work experiences is possible to gain after at least three years of foreign work experience.

Provinces can recruit directly from Express Entry while employers can use the government online platform Job Bank

Express Entry operates a pool of pre-selected candidates who have already undertaken a language assessment, and in the case of FSW, also an educational credential assessment. Provinces and territories can access the pool directly to find suitable candidates for regional immigration programmes. By contrast, employers are not able to recruit candidates from the EE-pool directly. Instead, they can use Job Bank, Canada's online job searching and matching platform. They can also search on other private sector recruitment services or co-operate with provincial/territorial programmes (Figure 2.11).

Figure 2.11. Schematic overview of the links between EE and Job Bank

Job Bank is open to use for Express Entry profiles, but was designed as a matching service for Canadian job seekers as a sort of “clearing house” for vacancies. The platform is the result of merging an offer existing under the same name since 1980 (on-line since 1996) and the previous “Working in Canada” Website. Job Bank has been operating since March 2014 and is free of charge.

Services on Job Bank include job searching, recruiting/hiring and matching. In addition, individuals can explore careers and job market trends. According to a telephone survey conducted at the beginning of 2016, Job Bank was the most common place for job postings of employers with a Job Bank account. It was also the most popular platform to search work among job seekers (40% of the total). However, 40% of jobs in Canada are obtained through job seekers’ personal networks. Respondents to the 2013 and 2014 Canadian Out-of-Employment Panel surveys said that talking to others for searching jobs was second after searching on the internet (ESDC, 2017^[27]).

Recent immigrants who may not have well-established networks share similar information needs with less experienced labour market participants. They may also benefit from information available on Job Bank as regards to federal, provincial and territorial regulatory bodies. While knowledge of the Job Bank’s job searching services is generally high, many are less aware of the career planning and job market information services it provides.

However, recent immigrants seem to be better informed than the general Canadian public about these features. A full 71% of recent immigrants knew that Job Bank

provides information about career planning and 69% on job market trends (ESDC, 2017^[27]). The high level of awareness of Job Bank's features is linked to the mandatory registration for EE candidates on Job Bank until mid-2017. Until that date, all EE-applicants needed to create a Job Bank profile if they did not already have a job offer or a provincial/territorial nomination. After June 2017, the registration with Job Bank became voluntary for applicants. Instead, it became mandatory for recruiters in need of a Labour Market Impact Assessment (LMIA). All employers must advertise on Job Bank as one of three required recruitment methods in order to obtain a LMIA, a requirement discussed further in subsequent parts of this review. IRCC should continue to communicate the value added of Job Bank to new EE applicants, despite registration being voluntary now.

Similar to the current use of Job Bank in Canada, the manual matching system SkillFinder in New Zealand is not automatically connected to the application management pool.²⁸ By contrast, in Australia until April 2018, employers could search the pool of SkillSelect by occupation, qualification and English language ability directly. However, Australia ceased this access in April 2018. What is more, in contrast to Australia, where occupation lists and ceilings apply, the Canadian system does not have such limits in place.

The current system prioritises skilled population growth over specific occupational demand...

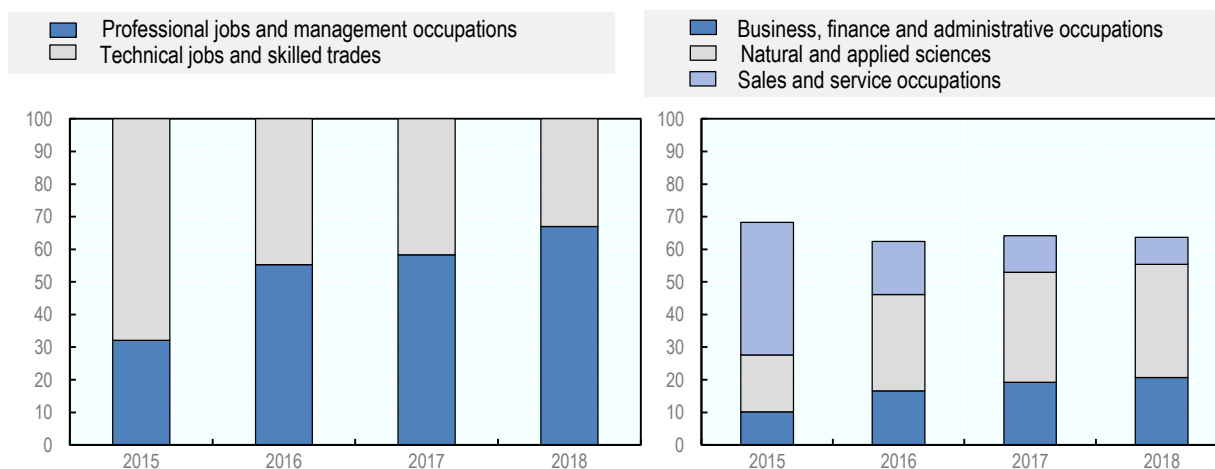
Express Entry admission requirements are not linked to specific “in-demand” occupations, but rather to skilled work experience, defined as an occupation in the categories 0, A and B of the NOC. The only exception is the FST programme, where applicants need two years of prior work experience in an occupation belonging to one of four major and two minor occupational groupings, all of which are Skill Level B occupations.

With the November 2016 changes, which reduced the numbers of points for a job offer in EE, the importance of pre-arranged employment for selection has decreased. Whereas in 2016, one third of invited candidates had a job offer, in 2017 this was the case for less than ten percent. The EE-system is thus largely supply-driven. Indeed, in the context of changing work environments and digital transformation, not one occupational qualification but rather broad mix of skills that allows for adaptation and lifelong learning are increasingly important (OECD, 2019^[28]). Canada's overall shift in immigrant selection from specific demand towards broader human capital hence responds to some of the expected challenges in the future of work, by selecting candidates who are expected to be able to work across a range of different jobs (OECD, 2019^[29]).

The changes also implied a shift in the occupational composition. In 2015, only about a third of EE-admitted labour immigrants who stated an occupation intended to work in a “professional job” (as opposed to “technical jobs and skilled trades”). From 2016 onwards, this share increased to two-thirds in 2018. These occupations typically require a university degree education. Data by broad occupation grouping (2-digit NOC) suggest that the largest groups of intended occupations are in natural

and applied sciences, followed by business and finance, while the share of Skill Level B occupations in retail sales and service supervision decreased significantly (Figure 2.12).

Figure 2.12. Distribution of intended occupation group and skill-level of immigrants admitted under EE



Note: Shares in percentages of intended occupations stated.

Source: IRCC. Admissions of Permanent Residents under Express Entry by Province/Territory of Intended Destination and Intended Occupation (2-Digit NOC 2011)

Annual invitations issued under Express Entry display a very similar picture. In 2016, 2017 and 2018, the top three intended occupations of those invited to apply were in the IT sector. Occupations in the sales and service sector, which were among the top ten occupations in 2015 and 2016, were replaced in 2017 and 2018 by occupations in the business, finance and administration sector (Table 2.8). This suggests that the current system – despite not being explicitly linked to shortage occupations – selects more highly-skilled occupational profiles.

Table 2.8. Most common occupations among invitations issued in percent, 2015-18

Rank	2015	2016	2017	2018
1	Food Service Supervisors (8%)	Information Systems Analysts and Consultants (6%)	Information Systems Analysts and Consultants (6%)	Software Engineers (and Designers) (7%)
2	Cooks (8%)	Software Engineers (4%)	Software Engineers (6%)	Information Systems Analysts and Consultants (6%)
3	Information System Analysts and Consultants (4%)	Computer Programmers and Interactive Media Developers (4%)	Computer Programmers and Interactive Media Developers (4%)	Computer Programmers and Interactive Media Developers (4%)
4	Software Engineers (3%)	Cooks (4%)	Financial Auditors and Accountants (3%)	Financial Auditors and Accountants (3%)
5	Computer Programmers and Interactive Media Developers (3%)	Food Service Supervisors (3%)	Administrative assistants (2%)	Administrative assistants (3%)
6	University Professors and Lecturers (3%)	University Professors and Lecturers (3%)	Professional occupations in advertising, marketing and public relations (2%)	Professional occupations in advertising, marketing and public relations (2%)
7	Retail Sales Supervisors (2%)	Graphic Designers and Illustrators (2%)	University Professors and Lecturers (2%)	University Professors and Lecturers (2%)
8	Graphic Designers and Illustrators (2%)	Professional occupations in advertising, marketing and public relations (2%)	Financial and Investment Analysts (2%)	Financial and Investment Analysts (2%)
9	Financial Auditors and Accountants (2%)	Financial Auditors and Accountants (2%)	Professional occupations in business management consulting (2%)	Professional occupations in business management consulting (2%)
10	Financial and Investment Analysts (2%)	Retail Sales Supervisors (2%)	Advertising, Marketing and Public Relations Managers (2%)	Advertising, Marketing and Public Relations Managers (2%)
Other	62%	69%	69%	67%

Source: IRCC Express Entry Year-end Reports (2016_[30]; 2018_[13]; 2019_[31]).

In Australia, all applicants must qualify to work in an occupation listed on a Shortage Occupations List (SOL). Each draw is linked to annual target numbers and ceilings for over-supplied occupations, to prevent skewed occupational distributions. Hence, candidates scoring above a certain point-threshold are invited to apply only within the occupational limit. In Canada, prior to the introduction of Express Entry, a similar idea of using ceilings in occupations was in place for the FSW in the late 2 000s to cap entries in each of the eligible occupations. Since 2008, intake under the FSWP, FSTP and CEC was managed with lists of eligible occupations with maximum caps per occupation accepted. For instance in 2014, the FSWP had an overall application cap of 25 000 applications. Each of the 50 eligible occupations had an imposed cap of 1 000 per NOC. For the CEC between November 2013 and October 2014, the ministry accepted only a maximum of 12 000 new applications under the CEC²⁹ and excluded some occupations from applications, due to a large inventory of applications.³⁰ At the same time,

occupational sub-caps of 200 applications in each NOC B (medium-skilled) occupation were used to manage application intake, while there were no caps on managerial and high-skilled occupations (NOC 0 and A).

However, under the current system apart from the FSTP only some of the PNPs use occupation lists for permanent migration. In New Zealand, applicants must prove their ability to work in one of the occupations in a list of shortage occupations. Moreover, bonus points are awarded for occupations that figure on the Long Term Skill Shortage List, i.e. shortages perceived of structural nature. In Canada, occupation lists for FST intended to refer to national shortages in the skilled trades. In Australia, they reflect structural need over the medium to longer term. New Zealand's list is explicitly based on long-term considerations.

... but it is not clear if immigrants can find employment suited to their skill-level

Skilled population growth is a core objective of Canadian immigration policy. However, immigrants should be able to work in an occupation that fits their skills and educational attainment. In fact, this seems to be the major difficulty of newcomers to Canada in the short-run (IRCC, 2018^[32]). Unfortunately, there is no recent comprehensive data available on the incidence of over-qualification in Canada. Data from the 2011 National Household Survey suggests that over-education rates for recent employed immigrants between the ages of 25 to 64 years with post-secondary education is 53% compared to 30% for non-immigrants (FLMM, 2014^[33]). Indeed, over-qualification rates among immigrants in Canada were above the OECD average (OECD/EU, 2015^[34]).

There is no data available on the occupations labour immigrants actually take up once they land in Canada. However, a recent IRCC survey indicates that of those respondents working, a large proportion of EE-selected immigrants (73%) report that their current job matched their education, skills and experience and over four in five (81%) felt that their current job met or exceeded their expectations. Both of these shares are higher than among non-EE-selected respondents at 65% and 78%, respectively (IRCC, forthcoming^[14]).

Barriers for immigrants' access to regulated professions should be reduced and information exchange improved

A particular challenge is the access to regulated/licenced occupations. Occupational regulation aims to protect the public by ensuring quality standards, but at the same time creates barriers to entry into occupations and hence risks monopoly costs. In occupations that do not require foreign credential recognition, employers are responsible for making sure a potential employee has the appropriate qualifications, training and experience. Procedures for licencing in regulated professions tend to be complex and involve a variety of different stakeholders, depending on the province and the profession concerned. Occupational licensing not only ensures that migrants can work in the occupation for which they have been trained, this better job matching is also associated with higher wages (Gomez et al., 2015^[35]).

In this respect, it is important to note that all applicants to the FSW with foreign education and those who want to earn points for their education in the CRS need an assessment of their credentials, a so called Education Credential Assessment (ECA).³¹ Such an assessment is a report by an independent company that evaluates foreign education. Currently, IRCC has designated five professional bodies to provide ECA and two bodies for specific occupations.³² Processing times and costs vary between these bodies.

For Express Entry, this report attests that a foreign degree, diploma and/or certificate is valid and equal to a Canadian one. In general, an assessment of the highest level of education is sufficient, unless applicants want to earn points for two or more credentials, in which case both need to be assessed (see section on step one of Express Entry above).

It is important to note that an ECA for migration purposes is not a formal procedure for foreign qualification recognition (FQR). Obtaining an ECA does not allow for access to regulated professions.³³

In Canada's federal system, foreign qualification recognition (FQR) procedures are largely with the provinces and territories. Within these, responsibility has been delegated to over 600 regulatory bodies and apprenticeship authorities, overseeing more than 650 regulated occupations. What is more, some occupations are regulated in some provinces but not in others. Applicants are expected to contact the regulatory body in the province or territory where they plan to settle, to find out if they need a licence to practice in their intended occupation. However, anecdotal evidence suggests that individuals have rarely done this in the past (Johnson and Baomal, 2016^[36]).

Acknowledging these challenges, the Forum of Labour Market Ministers, consisting of representatives from federal, provincial and territorial bodies, launched the Pan-Canadian Framework for the Assessment and Recognition of Foreign Credentials in 2009. The Framework initially targeted a short list of regulated occupations, but it has been expanded in recent years (FLMM, 2014^[33]) to cover more than 90% of the occupations of those newcomers landing in Canada every year. The Framework spans the steps individuals face as they move through the licencing process, including pre-arrival supports and services. The assessment stage typically includes a verification of authenticity of academic credentials and the identification and evaluation of skills, credentials and work experience required for entry into regulated occupations or educational programmes. Third-party agencies (often other than the ones involved in the ECA) often conduct qualification assessments for regulated occupations and registration decisions are made by regulatory authorities on the basis of these assessed qualifications. After their assessment, foreign credentials can be fully, partially or not recognised. If recognised, they are certified directly. When skills are partially recognised, immigrants are required to upgrade their skills to complete their credential recognition to be certified. If foreign credentials are not recognised, then immigrants are provided with support to find related occupations to their credentials that do not require licencing (ESDC, 2018^[37]).

A report prepared for the Foreign Qualifications Recognition Working Group of the Forum of Labour Market Ministers (Johnson and Baomal, 2016^[36]), building on interviews with labour migrants, has shown that immigrants are not aware of the challenges involved in FQR. What is more, confusion exists among newcomers between the ECA that they are generally required to take and the FQR which is generally not required, but needed for the right to exercise many regulated professions. The report recommends that licensing bodies should be required to take the ECA assessment as a starting point in the licencing procedure. Thus, assessment bodies would focus on confirming the authenticity of diplomas and offer an opinion on their equivalence in the Canadian context, while regulators review how the educational content and work experience matter for the purpose of licensure.

The above clearly suggests that more information and guidance is needed, notably regarding the distinction between ECA and FQR, and the fact that responsibility for occupational regulation rests within the jurisdiction of provinces and territories. Applicants should be encouraged to assess whether their desired profession is regulated in their preferred region of landing. Furthermore, ECA bodies could provide enhanced profession-specific regulatory information and links to other existing programmes, and in particular highlight the availability of pre-arrival services related to credential recognition.

A specific problem arises from the fact that there are specific language requirements for licensing in some professions which may go beyond those needed for immigration purposes. Addressing this is not straightforward, however. Raising the bar for migrants in those occupations – e.g. by requiring higher language levels – would de facto incite migrants to select other related occupations (or provinces). The related option of moving towards an occupation-specific skills assessment, as currently done in Australia (see below), would move the Canadian system away from the largely skills/supply-driven system that it is today. Providing bonus points is a third option. However, this would risk disproportionately channelling migration into such occupations.

As a practical first step, providing immigrants with more information could help to ensure that they have necessary documentation with them to gain recognition and pass licencing examinations when they land in Canada. Pre-arrival information and support could also be more focused in such occupations (Box 2.1).

A related issue is that at present, regulatory bodies generally do not collect data or provide feedback on the information they collect to IRCC. It is hence unclear how many immigrants attempt and pass provincial/territorial licencing tests in their intended occupation of immigration.

Finally, apart from a handful of occupations in the skilled trades, there are no incentives in the system for candidates intending to work in a regulated profession to initiate the licensing process before landing. One such incentive would be to award full skill transferability points for all labour immigrants who obtained a licence to practise in their regulated profession. However, this would penalise candidates who work in such occupations. What is more, under the current system,

candidates could circumvent this by stating intended occupations which are not regulated, or provinces/territories where their occupation is not regulated.

In any case, initiating the licensing process from outside Canada is often impossible. This, however, could be tackled by including a pre-test for likely recognition by occupation. A resulting probability scale could be developed according to which points are allocated – potentially under the skill transferability points for foreign work experience.

An alternative approach would be to introduce a new temporary visa to enable candidates in the Express Entry pool to come to Canada and initiate the recognition process. Such a visa for recognition is currently used for example in Germany. Such a visa could be attractive for candidates regardless of any points implications, as this would enhance their employability in their occupation.

Box 2.1. Pre-arrival support

Canada is a leader in pre-arrival settlement services, and the provision of such services has greatly expanded in recent years. In 1998, IRCC started to fund the delivery of pre-arrival services abroad and while initially only provided to refugees, services expanded to family and economic immigrants in 2001. Pre-arrival services are only available to immigrants who are selected for permanent residence but who are not yet in Canada, including PNPs. IRCC supports the delivery of these services via Service Provider Organisations (SPOs) and spent close to CAD 62 million on these services between April 2015 and August 2017. The Department renewed the Pre-Arrival Services Program in December 2018 and as a result, sixteen SPOs are being funded in the 2019-23 project cycle.

In general, pre-arrival services offer the same types of services as IRCC-funded in-Canada Settlement services, with the exception of language assessments and training. Nevertheless, pre-arrival services vary considerably in scope, type of delivery (in-person or online) and size. In-person pre-arrival services are provided in India, China, Philippines and Morocco for non-refugees. Services for refugees are available in various global locations, and are delivered by the International Organization for Migration (IOM). In-person pre-arrival services are delivered in local languages, when possible.

Five SPOs (including IOM) provide general information dissemination and national-level orientation sessions, and also conduct needs assessments and referrals to other pre-arrival and in Canada services. The remaining 11 SPOs provide more targeted employment supports such as occupation- or regional-specific information and mentoring programmes in a newcomer's future community. In some cases, regulators and apprenticeship authorities work together with these pre-arrival SPOs.

According to the latest IRCC evaluation of pre-arrival services, economic immigrants who used pre-arrival support felt more prepared when they first arrived in Canada and employment-related services had a positive impact on immigrants'

preparedness for the Canadian work environment. However, the study found no significant differences between participants and non-participants in employment-related pre-arrival services in terms of difficulties when getting a job that matches skills and qualifications in the first three months in Canada. Nevertheless, 45% of participants in such pre-arrival services reported it to be difficult or very difficult to get their professional credentials and qualifications recognised in contrast to 55% among non-participants.

Overall, a key challenge for IRCC related to pre-arrival service uptake is to reach its target audience. Since the expansion of pre-arrival services in April 2015 until August 2017, only 8.5% of economic immigrants eligible for pre-arrival services received such support. Since October 2017, IRCC sends an automated invitation letter to all eligible permanent resident immigrants when they receive a positive eligibility decision in their immigration application, but this might be too late in the immigration process (IRCC, 2018^[32]).

IRCC's vision for renewed Pre-Arrival Services Program aims to address evaluation recommendations and includes increasing awareness among potential clients of the available pre-arrival services and supports through better promotion; ensuring easier transitions from pre- to post-arrival in Canada; and creating dedicated pathways for service for three key client groups: economic and family class immigrants, Francophones, and refugees.

The renewed programme aims at enhancing the economic and social integration of newcomers by: directly connecting clients with the information and services they need through a streamlined, easy-to-navigate process; providing pre-arrival services to Francophones through a collaborative partnership model; offering general, regional and occupation-specific employment services to boost job prospects; encouraging newcomers to apply for job licensure before they arrive, if needed; and linking clients to federal and provincial settlement services in Canada.

Efficiency and Transparency

Express Entry shortened application processing times and increased efficiency

A significant problem for Canada's pre-2015 immigration system was its lack of efficiency. Reducing processing times was a core motivation for the introduction of Express Entry, where backlogs under the FSW in 2008 grew to over 600 000 applications and the median processing time for a FSW was 34 months (IRCC, 2010^[4]). The Expression of Interest system responded to the need to manage oversupply and to identify and prioritise the candidates with the highest labour market potential.

In Express Entry, candidates submit their profile electronically with an educational assessment for FSW and proof of language certificates for all classes. This required objective assessment was partly motivated by the fact that immigrants in the past tended to overstate their actual language knowledge. What is more, foreign

education systems do not always perform as well as the Canadian one, thus limiting transferability.

A key question is at which stage skills should be best assessed. On the one hand, verification further down the application line can be burdensome for applicants (and sponsors) who discover misunderstandings at a late stage of the application and reduce efficiency if processing officers need to request missing information. On the other hand, supporting documents can be costly for applications, and early-stage verification can discourage candidates to submit an EOI. When applicants need to produce supporting documents at an early stage, such as in the Canadian system, they should be allowed to stay in the pool for a relatively long period. Indeed, in the case of Canada, candidates stay in the pool for a full year.

Once drawn from the pool and invited to apply, candidates have 60 days to submit an application. The targeted processing time under EE for a permanent residence visa to Canada – from submission to final decision – is six months. In 2016 and 2017, IRCC succeeded in processing 80% of applications in six months or less. In 2017, IRCC processed 80% of applicants under the FSW and the CEC within four months (IRCC, 2018^[13]). The combination of automated process and control over total numbers of invitations improved application management. The current duration is similar to the average processing time of six months in New Zealand and slightly faster than the points-tested skilled independent visa in Australia, where 75% of applications are processed within seven months.

Peer systems vary in their requirements for certification and objective assessment for entering the pool. In Australia, candidates must have the results of their skills assessment (which might involve a fee to the assessing authority) in order to submit their EOI. Other claims need to be proven once applicants are invited to apply. New Zealand, applicants do not need to include any evidence with their EOI. Once the EOI meets the criteria, applicants enter a selection pool. If they are drawn from the pool and are invited to apply for NZ permanent residence, they are asked to provide the evidence to support their claims made in the EOI.

The benefit of a LMIA in the context of permanent skilled migration is not evident

In principle, whenever an employer wants to hire a foreign worker, they need a Labour Market Impact Assessment (LMIA) from ESDC/Service Canada. A positive LMIA confirms the need for a foreign worker to fill an offer and the lack of a Canadian worker or permanent resident available to do the job. Immigrants need a positive LMIA to apply for a work permit. In contrast to LMIA for temporary labour migration (where a processing fee of CAD 1 000 applies), LMIA for permanent migration are free of charge.

While this principle applies to all potential new immigrants who want to gain points for a job offer under Express Entry, various LMIA-exemptions exist. In particular, an employer does not need an LMIA for already working with him/her on a temporary visa for at least a year (full-time) before. Hence, onshore transitions tend to be exempt from the LMIA-requirement.

The LMIA, which is discussed at length in Chapter three due to its key role in managing temporary labour migration, serves to verify integrity of the offered job, such as the genuineness of the employer. It also serves as a labour market test, i.e. it assesses whether permanent residents or Canadians currently unemployed would be available to do the same job.

Canada's Express Entry is unique among settlement countries in having a labour market test for high-skilled permanent immigration. There are no similar labour market tests in New Zealand and in Australia. Indeed, a labour market test – i.e. to check whether a particular job could be done also by an unemployed resident – runs counter the notion of a largely supply-driven system that does otherwise not intend to fill specific labour gaps. It also enhances administrative overhead and slows down the process. Obviously, to avoid abuse, there need to be some integrity checks. In particular, the genuineness of the job offer needs to be assessed, as is also done in peer systems.

In 2017, only 10% of admissions under EE claimed the bonus 50/200 points for a valid job offer, compared with a third in 2016. Out of those admitted in 2017 who claimed the bonus points, 43% benefited from an LMIA exemption. Given the surprisingly low number of candidates who claim the 50/200 bonus points, it is conceivable that many eligible applicants with otherwise sufficient points do not bother undergoing the burdensome LMIA process. In fact, a recent survey by IRCC (forthcoming^[14]) suggests that at the time of admission, 62% of respondents already had a job in Canada. Against this evidence, Canada could consider alternatives to the LMIA process. Apart from the mentioned integrity checks, one possibility would be to differentiate in the points allocated for a job offer between those with a LMIA and those without. In such a system, applicants who obtained a positive/neutral LMIA receive the full number of points, as do those applicants who have a job offer which is LMIA-exempt. In turn, applicants who need a LMIA for their job offer to be valid but have not yet obtained one, would receive a lower number of points.

Multi-year plans allow for a longer planning horizon

As mentioned in Chapter 1, until 2017 Canada had annual migration levels plans. In 2016, the target of 54 000 to 59 000 new federal high-skilled labour immigrants was slightly surpassed, with 60 000 admissions. In the following year, the 57 150 admissions under the federal high-skilled category (CEC, FSW, FST) were below the target range of 67 600 to 75 300, partly compensating for the higher intake in the previous year.

Against this backdrop, the government moved to a multi-year Immigration Levels Plan in 2017. The first plan, for 2018-20, aims to welcome around 565 000 new permanent economic immigrants (including accompanying spouses and dependants) over these three years, 58% of all new permanent immigrants to Canada. A significant part of the economic stream (43%) are planned to be under the federal high-skilled category, managed via Express Entry, and 33% of the

economic stream are expected to be Provincial Nominees, partly managed via Express Entry (IRCC, 2017^[22]).

The draws from the Express Entry pool respond to the admission levels foreseen under multi-annual planning levels. In times of high inflows of candidates, the system works well as it selects the best-suited candidates from an enlarged pool. The situation could be different in the hypothetical case of periods of slack supply, if for instance a relatively smaller number of interested applicants with overall lower CRS-scores drive the pass mark down to a very low level. To this end, the introduction of a revised entry-grid for all potential labour immigrants, hence all applicants in the pool, as discussed in several parts of this review already, will ensure minimum qualifications for labour immigrants during periods of scarce supply. Thus far, however, this has not happened. In contrast, there were over 95 000 interested applicants in the EE-pool at the beginning of 2019, a strong increase over the 71 000 beginning 2018.

Obviously, such a three-year planning system is not very reactive to sudden economic shocks. Indeed, the largely supply-based permanent system is not intended to be reactive in this respect (in contrast to the temporary system, see next Chapter). That notwithstanding, in contrast to the pre-EE system, in such a case intakes could be immediately adjusted under EE, with no implications other than not meeting the target.

Federal permanent labour migration outside of Express Entry

Business programmes

In addition to the programmes discussed already, every year a small share of federal economic migrants land as a part of other migration programmes, not managed via Express Entry or regional agreements. Currently, individuals can apply to specific Self-Employed and Start-Up Visa programmes. These replaced the federal Immigrant Investor Program and the Entrepreneur Program, which were closed in 2014 for further applications.

While a larger share of individuals under the business classes, relative to other labour immigrants, earn income through investment, principal applicants admitted under the business programmes have considerably lower overall incomes than other labour immigrants. For those admitted in 2006, ten years after admission, median income (including both employment and other income) was a mere CAD 19 200 and hence less than half of the median income of their peers admitted through the other federal economic programmes in the same year (CAD 48 100) (Statistics Canada, 2019^[38]). It was also much lower than the median income among the Canadian population (CAD 33 300). Indeed, many entrepreneurs are admitted through the mainstream federal and provincial programmes. In fact, any permanent resident can set up a business in Canada.

For the new Self-Employed programme, candidates need to have relevant experience in working for themselves and intend and to be able to become self-employed in Canada in the arts or athletics – i.e. it is a small-scale programme

focused on a very specific segment of the labour market where candidates would otherwise probably not get selected through EE. IRCC assesses individual applicants under this stream with a point grid based on education, experience, age, language ability and adaptability. Individuals have to earn 35 out of 100 available points to qualify for the programme. The current processing fee including the right to permanent residence is CAD 1 540 and the estimated processing time for this visa class is 24 months. In 2017, Canada admitted 175 principal applicants under this programme, most of them destined to Ontario.

The Start-Up Visa Program, launched as a five-year pilot programme in April 2013 and made permanent in March 2018, aims to attract foreign innovators to contribute to the Canadian economy and facilitate entry of entrepreneurs who actively pursue business ventures in Canada. During the five year duration of the pilot, IRCC accepted 132 entrepreneurs and their spouses and dependants for permanent residence (IRCC, 2018^[12]).

Individuals applying to the Start-Up Visa Program must secure a commitment from a designated Canadian business incubator, angel investor group or venture capital fund to support their business concept. They further need to prove language skills equivalent to CLB 5 in English or French, possess a certain ownership share in their business, and bring enough money to settle, currently CAD 12 475 for a single applicant. The current processing fee including the right to permanent residence is CAD 1 540, and the estimated processing time for this visa class is 12 to 16 months. An IRCC evaluation of the initial pilot of the programme from 2016 found that the programme admitted entrepreneurs with greater human capital than previously, who are actively pursuing innovative businesses in Canada. The majority of businesses related to software development (in education, finance, and social media) as well as other technology segments. The evaluation also found that the Start-Up Visa immigrants are younger, higher educated and have better language skills than the participants of the previous entrepreneur programme (IRCC, 2016^[39]). However, their total number is small.

Due to the termination of the investor and the entrepreneur classes, the number of labour immigrants (i.e. principal applicants) landing via business classes has declined and in 2017, contributed less than 2% of labour immigrants in that year. As outset in the 2018-20 Immigration Levels Plan, Canada plans to further reduce the number of individuals admitted under these programmes, for each of the years 2018, 2019 and 2020 to a target of just 700 persons (IRCC, 2017^[22]). This number includes labour immigrants themselves, as well as their spouses and dependants.

Pilot programmes

A key feature of Canada's approach to migration management is to constantly develop and test new and innovative approaches. Ministerial Instructions establish so-called "pilot programmes", which are in some cases made permanent; in others, they end after a pre-defined period. There were several such programmes in recent years, in addition to the Start-up pilot mentioned in the previous section. Since the end of November 2014, the Caring for Children and Caring for People with High

Medical Needs pilot programmes offer a pathway to permanent residence after two years of Canadian work experience in specific caring occupations, effectively replacing the Live-in Caregiver Program (Chapter 3). These are now being replaced by two other caregiver pilots. In addition, two recent pilot programmes focus on specific demographic and labour market-related challenges. The first is the Atlantic Immigration Pilot Program (AIP), an employer-driven five-year pilot, established in March 2017 to attract and retain skilled immigrants in Atlantic Canada. The Rural and Northern Immigration Pilot Program announced in January 2019, is a five-year community-driven pilot to attract economic immigrants to settle in rural areas within Ontario, the Canadian western provinces and northern territories (Chapter 4).

Conclusion

Canada's new selection system, Express Entry, is arguably the most elaborate selection system in the OECD. It greatly enhanced flexibility and operates a refined selection along a continuum of points. A key innovation is that it credits the positive interaction of several simultaneously existing characteristics of labour migrants. While Express Entry is complex, the selection itself is transparent. It allows for an inclusion of the provinces and territories in selection and for setting minimum standards for federal labour migrants across the country. Express Entry also eliminated the backlog of applications and greatly quickened visa processing for selected immigrants.

Canada has an elaborate monitoring and assessment system. This allowed for an early assessment and quick reaction to address initial shortcomings. The overall positive assessment notwithstanding, a key remaining shortcoming of the system is the separate entry pathways, which were all designed prior to Express Entry and are not fully consistent under the new system. Having one single entry grid with core criteria would thus enhance consistency and reduce the current complexity.

Foreign credential recognition is a key challenge in a system that bases heavy weight on formal skills, as is the case in Canada. This is further exacerbated by the country's federal nature, with decentralised responsibilities for credential recognition. Addressing this is not straightforward. While better information and data exchange within Canada and awareness-raising among potential candidates are first steps, additional incentives would be an important element in a strategy to make sure that candidates in regulated professions can effectively work in their occupations. One promising option in this respect could be specific visa for foreign credential recognition.

The system is complemented by a number of pilot programmes, allowing Canada to test new approaches to economic challenges such as attracting entrepreneurs, attracting labour migrants to particular regions, and settling and retaining migrants in rural areas.

Finally, the Expression of Interest system is complemented by a number of business and economic pilot programmes, allowing Canada to test new approaches to

economic challenges such as attracting entrepreneurs, settling migrants in rural areas and attracting labour migrants to particular regions.

Notes

¹ Professionals and skilled administrators required 52 points, applicants for technical streams 47 and those for trades 45 points. This idea of a class dependent entry grid still partly exists in today's system, through the Federal Skilled Trades Programme.

² In 2008, an amendment (the C-50 Bill) delegated power to the Minister for Immigration to periodically set qualifiers for admission through Ministerial Instructions. The amendments to the Immigration and Refugee Protection Act (IRPA) was made through Bill C-50 (the Budget Implementation Act), which came into effect on February 27, 2008. Hence, all federal skilled workers processed from 2008 are categorised as C-50 and those who applied earlier as pre C-50.

³ In case more than one candidate meets the final pass mark, the system selects those who earlier submitted their profile into the pool

⁴ The CRS-score (Comprehensive Ranking System) is also referred to as the ITA-score (Invitation to Apply).

⁵ For instance, an Express Entry applicant who is interested in working in British Columbia, must also meet requirements for one of the Express Entry PN British Columbia (EEBC) programs such as the EEBC — Health Care Professional programme that targets health workers like doctors and nurses.

⁶ Candidates nominated by a province or territory are always invited as a Provincial Nominee.

⁷ About 3% of admissions under EE in the two main streams (FSW and CEC) in 2017 were aged 45 and above.

⁸ Currently 176 skilled occupations are eligible for this visa programme and candidates must submit a skill assessment prepared by the relevant body for each profession.

⁹ 30 hours or more paid work per week

¹⁰ The CLB is a descriptive scale of language ability on a continuum of 12 benchmarks across three stages: CLB 1-4 (Basic), CLB 5-8 (Intermediate) and CLB 9-12 (advanced). It assesses language ability in four core competences (reading, writing, speaking and listening). Within each level, learners progress from initial, to developing, to adequate, to fluent ability (CIC, 2012^[40]). CLB 1 to CLB 4 qualify a basic user of the language, who can understand and communicate in simple and routine tasks. CLB level 5 to 8 describe an intermediate language ability that allows for fuller participation in a wider variety of contexts. It is the range of abilities required to function independently in most familiar situations of daily social, educational and work-related life experience, and in some less predictable contexts. A CLB 7 denotes an adequate intermediate ability whereas CLB 8 refers to a fluent intermediate ability.¹⁰ A CLB 9 and higher verifies a proficient language user. Applicants can check how their CELPIP, IELTS and TEF scores translate into CLB levels using language test equivalency charts on the website of IRCC (IRCC, 2018^[41]).

¹¹ FST applicants need a certificate of qualification in the skilled trade issued by a Canadian or territorial authority, or, alternatively, a full-time employment offer in an eligible trade occupation for at least one year.

¹² Prior to introduction of Express Entry, the minimum points required for selection under the FSW program was also 67 points.

¹³ If the territory or province where an applicants under the FST class wants to live and work does not give Certificates of Qualification in their trade the applicants must have a qualifying job offer in their trade from an Canadian Employer.

¹⁴ As a term of reference for the following explanations, the minimum CRS-score in all non-programme-specific draws in 2017 had been between 415 and 468 points.

¹⁵ With an LMIA approval from Service Canada

¹⁶ Brother or sister living in Canada (citizen or permanent resident).

¹⁷ Appendix A to this chapter includes a detailed table with all points for each factor.

¹⁸ Numbers discussed here are for individuals without a spouse or common law partner. The tables in the appendix include detailed numbers for applicants with and without a spouse or common-law partner.

¹⁹ In 2016, 7% of spouses and dependants of labour immigrants received such support.

²⁰ Such NOC 00 migrants tend to be very highly paid. In 2015 and 2016, all labour immigrants filing income under a NOC 00 occupation had pre-landing experience. Further, all among those landed in 2015 and the majority of those landed in 2016 –despite potentially not having a full year of income– declared an income of over CAD 100 000, more than three times the Canadian median of CAD 33 300 in 2016.

²¹ Alberta introduced its EE-linked PN stream in June 2018 but until the end of October 2018 had not invited provincial nominees via EE, yet.

²² Apart from one programme specific draw in February 2015, when IRCC issued 849 ITA under the CEC, Express Entry never invited specific rounds of only FSW or only CEC applicants. It has however issued in several rounds invitations specifically for the FSTs and PN-programmes.

²³ One additional difference that should be looked into is the required proof of funding under the different categories.

²⁴ Though only proven for English ability among men)

²⁵ Due to the time lag between receiving and invitation to apply to submitting an application (60 days), the numbers refer to all candidates in the pool since the start of Express Entry in January 2015 until October 2018. When interpreting the numbers it should be noted that IRCC changed the sorting category of applicants into CEC instead of FSW which might impact the probability to land in these categories.

²⁶ This is also the case for education and knowledge of official languages.

²⁷ Remuneration at or above NZD 50 per hour (or the equivalent annual salary).

²⁸ In New Zealand, SkillFinder matches the profiles of candidates who are interest in migration to New Zealand and sign up to the portal “New Zealand Now” with vacancies that employers register in SkillFinder.

²⁹ In May 2014, the cap was renewed to allow for 8 000 applications per year under the CEC.

³⁰ The occupations were: cooks (NOC 6322); food service supervisors (NOC 6311); administrative officers (NOC 1221); administrative assistants (NOC 1241); accounting technicians and bookkeepers (NOC 1311); and retail sales supervisors (NOC 6211).

³¹ A Canadian degree, diploma or certificate does not require an assessment.

³² For physicians (NOC 3111 or NOC 3112), the Medical Council of Canada must do the ECA for the primary medical diploma and for Pharmacists (NOC 3131) who need a licence to practice, the Pharmacy Examining Board of Canada must do the assessment.

³³ In fact, FQR licensing bodies regularly disagree with the equivalencies drawn by ECA organisations. This is one reason why some professional organisations are becoming ECA organisations – so they can better control equivalencies and potentially streamline professional certifications.

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Annex 2.A. Canada's points system and process comparison

Annex Table 2.A.1. Comprehensive Ranking System

Core / human capital factors	With a spouse or common-law partner (Maximum 460 points)	Without a spouse or common-law partner (Maximum 500 points)
Age	Number of points (100 maximum)	Number of points (110 maximum)
17 years of age or less	0	0
18 years of age	90	99
19 years of age	95	105
20 to 29 years of age	100	110
30 years of age	95	105
31 years of age	90	99
32 years of age	85	94
33 years of age	80	88
34 years of age	75	83
35 years of age	70	77
36 years of age	65	72
37 years of age	60	66
38 years of age	55	61
39 years of age	50	55
40 years of age	45	50
41 years of age	35	39
42 years of age	25	28
43 years of age	15	17
44 years of age	5	6
45 years of age or more	0	0
Level of Education	With a spouse or common-law partner - Number of points (140 maximum)	Without a spouse or common-law partner - Number of points (150 maximum)
Less than secondary school (high school)	0	0
Secondary diploma (high school graduation)	28	30
One-year degree, diploma or certificate from a university, college, trade or technical school, or other institute	84	90
Two-year program at a university, college, trade or technical school, or other institute	91	98
Bachelor's degree OR a three or more year program at a university, college, trade or technical school, or other institute	112	120
Two or more certificates, diplomas, or degrees. One must be for a program of three or more years	119	128
Master's degree, OR professional degree needed to practice in a licensed profession (For "professional degree," the degree program must have been in: medicine, veterinary medicine, dentistry, optometry, law, chiropractic medicine, or pharmacy.)	126	135
Doctoral level university degree (Ph.D.)	140	150
Official languages proficiency - first official language	With a spouse or common-law partner Maximum 128 points	Without a spouse or common-law partner Maximum 136 points
Maximum points for each ability (reading, writing, speaking and listening):		
32 with a spouse or common-law partner		
34 without a spouse or common-law partner		
Less than CLB 4	0	0
CLB 4 or 5	6	6
CLB 6	8	9
CLB 7	16	17
CLB 8	22	23
CLB 9	29	31
CLB 10 or more	32	34

Official languages proficiency - second official language Maximum points for each ability (reading, writing, speaking and listening):	With a spouse or common-law partner Maximum 22 points	Without a spouse or common-law partner Maximum 24 points
6 with a spouse or common-law partner (up to a combined maximum of 22 points)		
6 without a spouse or common-law partner (up to a combined maximum of 24 points)		
CLB 4 or less	0	0
CLB 5 or 6	1	1
CLB 7 or 8	3	3
CLB 9 or more	6	6
Canadian work experience	With a spouse or common-law partner Maximum 70 points	Without a spouse or common-law partner Maximum 80 points
None or less than a year	0	0
1 year	35	40
2 years	46	53
3 years	56	64
4 years	63	72
5 years or more	70	80
Subtotal - Core / human capital factors	Out of 460 points	Out of 500 points
Spouse or common-law partner factors (if applicable)	With spouse or common-law partner - number of points per factor	Without spouse or common-law partner (does not apply)
Spouse's or common-law partner's level of education	Maximum 10 points	
Less than secondary school (high school)	0	
Secondary school (high school graduation)	2	
One-year program at a university, college, trade or technical school, or other institute	6	
Two-year program at a university, college, trade or technical in school, or other institute	7	
Bachelor's degree OR a three or more year program at a university, college, trade or technical school, or other institute	8	
Two or more certificates, diplomas, or degrees. One must be for a program of three or more years	9	
Master's degree, or professional degree needed to practice in a licensed profession (For "professional degree", the degree program must have been in: medicine, veterinary medicine, dentistry, optometry, law, chiropractic medicine, or pharmacy.)	10	
Doctoral level university degree (PhD)	10	
Spouse's or common-law partner's official languages proficiency - first official language	Maximum 20 points	
Reading, writing, speaking and listening— total points for each ability		
Max per each ability	5	
CLB 4 or less	0	
CLB 5 or 6	1	
CLB 7 or 8	3	
CLB 9 or more	5	
Canadian work experience	Maximum 10 points	
None or less than a year	0	
1 year	5	
2 years	7	
3 years	8	
4 years	9	
5 years or more	10	
Skill Transferability factors	Maximum 100 points for this section	
Education	Maximum 50 points for Education	
With good official language proficiency and a post-secondary degree	Maximum 50 points	
	Points for CLB 7 or more on all first official language abilities, one or more under 9	Points for CLB 9 or more on all four first official language abilities
Secondary school (high school) credential or less	0	0
Post-secondary program credential of one year or longer	13	25

Two or more post-secondary program credentials AND at least one of these credentials was issued on completion of a post-secondary program of three years or longer	25	50
With Canadian work experience and a post-secondary degree	Maximum 50 points	
	Points for education + 1 year of Canadian work experience	Points for education + 2 years or more of Canadian work experience
Secondary school (high school) credential or less	0	0
Post-secondary program credential of one year or longer	13	25
Two or more post-secondary program credentials AND at least one of these credentials was issued on completion of a post-secondary program of three years or longer	25	50
Foreign work experience	Maximum 50 points for Foreign work experience	
With good official language proficiency and foreign work experience	50 points	
	Points for foreign work experience + CLB 7 or more on all first OL abilities, one or more under 9	Points for foreign work experience + CLB 9 or more on all four first OL abilities
No foreign work experience	0	0
1 or 2 years of foreign work experience	13	25
3 years or more of foreign work experience	25	50
With Canadian work experience and foreign work experience	Maximum 50 points	
	Points for foreign work experience + 1 year of Canadian work experience	Points for foreign work experience + 2 years or more of Canadian work experience
No foreign work experience	0	0
1 or 2 years of foreign work experience	13	25
3 years or more of foreign work experience	25	50
Certificate of qualification (trade occupations)	Maximum 50 points for this section	
With good official language proficiency and a certificate of qualification	Maximum 50 points	
	Points for certificate of qualification + CLB 5 or more on all first OL abilities, one or more under 7	Points for certificate of qualification + CLB 7 or more on all four first OL abilities
With a certificate of qualification	25	50
Additional points	Maximum 600 points	
Brother or sister living in Canada who is a citizen or permanent resident of Canada	15	
Scored NCLC 7 or higher on all four French language skills and scored CLB 4 or lower in English (or didn't take an English test)	15	
Scored NCLC 7 or higher on all four French language skills and scored CLB 5 or higher on all four English skills	30	
Post-secondary education in Canada - credential of one or two years	15	
Post-secondary education in Canada - credential three years or longer	30	
Arranged employment - NOC 00	200	
Arranged employment – any other NOC 0, A or B	50	
Provincial or territorial nomination	600	

Annex Table 2.A.2. EOI systems in comparison

	Canada	Australia	New Zealand
Visa categories in System	Multiple – FSW, CEC and FSTP. System selects all suitable programmes for a candidate. Invitations to the same applicants are issued in the following order: CEC > FSW > FST PNs meet requirements of at least one federal category	Multiple – General Skilled Migrants (189; 190; 489P) Applicants select preferred visa type(s) themselves but can list only one occupation per application Parallel EOI-pool for Business Talent (132) and Business Innovation and Investment (188P)	Single – Skilled Migrant Category Parallel EOI-pool for Investment 2
Pre-requisites to filing EOI	Online assessment for minimum requirements and electronic approval. Requirements differ by visa category – requires basic personal information, language test scores, educational credential assessment and work experience	Online assessment and electronic approval for qualifying pass mark – requires basic personal information, nominated occupation, language test scores, Skills assessment (related to nominated occupation), work experience	Online self-assessment with points calculator but no electronic approval – proceed to next step if qualifying mark is met
Entry grid	An entry grid only for assessing FSW eligibility 67(100) as part of EOI pre-requisites List of requirements for other categories	Single grid for determining both eligibility and points total – minimum 60(100)	Single grid for determining both eligibility and points total – minimum 100(185)
Job Matching	Job Bank voluntarily (previously mandatory), PES database with electronic matching option	SkillSelect database – manual matching	SkillFinder database – manual matching
Submit Expression of Interest (EOI) – step one	Submit online all additional details to complete electronic profile, electronic approval of profile along CRS points score	Submit online all additional details to complete electronic profile, electronic approval of profile	Online and manual – only health and police certificates submitted at this stage – manual approval
Validity of EOI	1 year	2 years	6 months
Update possible	Yes	Yes	No
Ranking and sorting during draw	Electronic sorting of all visa categories via the Comprehensive Ranking System (CRS)	Electronic sorting of Skilled Independent sub-class by total score	Automatic selection for total score over 160, rest manually selected as per priority criteria
Other factors for draw	Multiannual planning levels for economic migration via Express Entry	Annual planning levels for economic migration. In the skilled independent programme annual ceilings based on shortage occupation list (SOL)	Multiannual planning range for economic migration
Invitation to Apply (ITA) – step two	Automatically issued to all meeting floating pass mark in draw – in case of tied scores, those with earlier file date chosen (previously all)	Automatically issued to all meeting floating pass mark in draw – in case of tied scores, those with earlier file date chosen	After preliminary manual verification, issued to all meeting pass mark in draw
Application for permanent residence visa	Online within 2 months from receipt of ITA, proof of admissibility requirements (health and character) for PA and SA	Online within 2 months from receipt of ITA proof of admissibility requirements (health and character) for PA and SA	Manually or online within 4 months from receipt of ITA, all documentary evidence for PA and SA
Labour Market Test	Yes, positive Labour Market Impact Assessment (LMIA) required for granting job offer points	No LMT but integrity checks are part of immigration processes	No LMT but integrity checks are part of immigration processes
Priority processing	No. Specific draws (by category) possible and extra points for PNP ensure selection	Yes. Applicants in regional sponsored migration scheme and those nominated by a state or territory are given priority over skilled independent applicants	No

Chapter 3. Temporary labour migration

This chapter describes and analyses the two streams via which temporary labour migrants come to Canada: the Temporary Foreign Worker (TFW) Program and the International Mobility Program (IMP). It also looks at a specific sub-group of temporary immigrants — international students — who since 2014 enjoy extended working rights. The chapter outlines how the labour-market-tested TFW Program, has become rather tightly managed and has continuously declined in overall numbers while the IMP has grown substantially. It also discusses some specific elements of the system, such as the policies for caregivers and, more generally, the role of two-step (temporary to permanent) migration in international comparison.

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.

A key objective of temporary labour migration is to fill labour shortages that are often concentrated in certain sectors and regions and – as the name suggests – temporary in nature. In Canada, there are not only temporary labour migrants who are admitted for such purposes, but also a wide range of temporary migrants with working rights (such as researchers) coming under multiple programmes for varying durations and purposes.

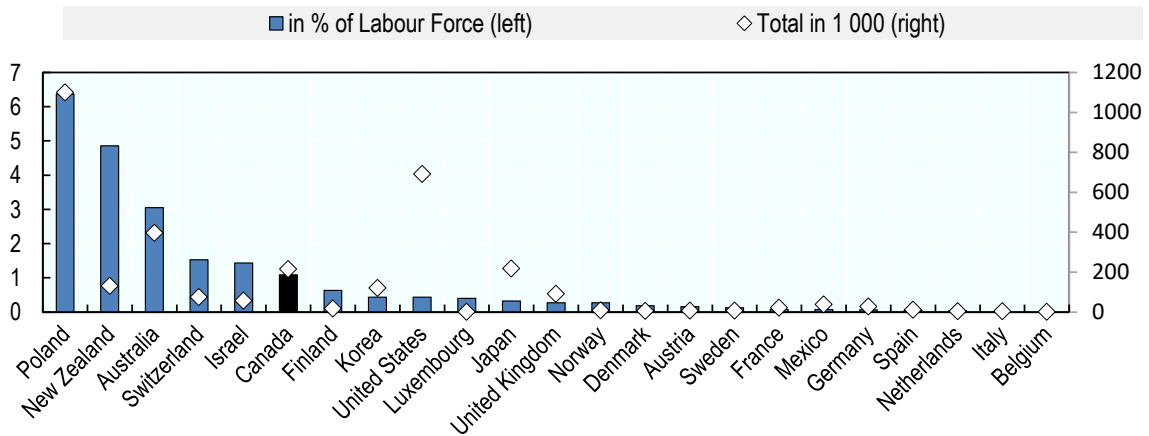
While in principle, a labour market test is required for temporary labour migrants to ensure that Canadian or permanent residents are not available to fill an open position, numerous exemptions apply. In particular, about three in four temporary migrants to Canada with working rights are admitted because their presence provides broader economic, cultural or other competitive advantages for Canada, or because Canadians/permanent residents enjoy the same benefits in their country of origin. The admissions of these migrants is not linked to labour market needs – and thereby not labour-market-tested. Of these, about two-thirds receive open work permits, and information on their activities is scarce. As a result, a large and growing number of individuals in Canada have open work permits over which very little oversight and hence analysis is currently possible. At the same time, procedures for labour market tested programmes have become complex and are now tightly regulated, leading to an overall decline in new inflows under these streams.

Canada traditionally had clearly separated pathways for temporary and permanent labour migration. This is gradually changing, and onshore transitions are increasingly common. In most low-skilled occupations however, transitions are still rare, as these migrants can essentially only pass through provincial nominations. Other programmes, such as those in the caregiving sector, have a longstanding dual intent with a built-in transition to permanent residence, subject to a number of requirements.

Though not generally viewed as temporary labour migrants, a key group to consider in this context are international students. Their working rights during study have greatly expanded in recent years, and Canada also provides them with comparably favourable options to stay and work after graduation. International students are also a key source of future permanent labour migrants, benefitting from a selection system that values Canadian credentials and experience.

Overview of temporary labour migrant groups

In 2017, according to standardised OECD data, around 214 000 temporary labour migrants entered Canada for work purposes, a number that has strongly increased in recent years (+50% 2015/2017). However, compared with peer systems in Australia and New Zealand, Canada still receives relatively few temporary workers for work purposes, around 1.1% of its labour force (Figure 3.1).

Figure 3.1. Annual inflow of temporary labour migrants, 2017

Note: Data excludes renewals and temporary migration under mobility agreements, such as posted workers (intra-EU/EFTA).

Source: *OECD Migration Database 2018* (<https://stats.oecd.org/Index.aspx?DataSetCode=MIG>) and *OECD Labour Force Database 2018* (https://stats.oecd.org/Index.aspx?DataSetCode=ALFS_SUMTAB).

A large number of programmes for temporary work purposes co-exist, including bilateral programmes with countries and regions. Some programmes target specific occupations or seasonal employment, and others, such as those for caregivers, have established explicit links with the permanent migration system, initiating a two-step – temporary to permanent – migration. As mentioned in Chapter 1, following concerns of abuse of the previous temporary foreign worker programme, changes to the temporary migration system took place in 2014, establishing two distinct programmes (ESDC, 2014^[1]).

The first is the Temporary Foreign Worker (TFW) Program, through which employers can hire foreign workers to fill labour and skill shortages where qualified Canadians or permanent residents are not available. A labour market test – a so-called Labour Market Impact Assessment (LMIA) by Employment and Social Development Canada (ESDC) – verifies the genuine need for a temporary foreign worker by checking that the employer has first tried to recruit among Canadians and permanent residents. The employer applies for the authorisation to hire under the TFW Program to ESDC. Once the employer has received a positive LMIA, the foreign worker can apply with the positive LMIA for a work permit to IRCC, under the TFW Program.

This process differs if the temporary worker, under the TFW Program, intends to work in Quebec. In that case, employers must obtain approval from both ESDC and the Quebec government by submitting an application for an LMIA to both ESDC and the Ministère de l'Immigration, de la Diversité et de l'Inclusion (MIDI). In addition, employers need to submit an application to MIDI for a Certificat d'acceptation du Québec (CAQ) for temporary work in Quebec. ESDC and MIDI jointly analyse the LMIA according to respective regulatory criteria. MIDI assesses wages, working conditions and whether the employment of the foreign worker is likely to adversely affect the settlement of any labour dispute in progress or the

employment of any person involved in the dispute. ESDC assesses recruitment efforts, the authenticity of the job offer and the labour market need.¹ Subsequently, the TFW must submit their work permit application to IRCC and attach a copy of the joint positive LMIA decision, as well as the approved CAQ.

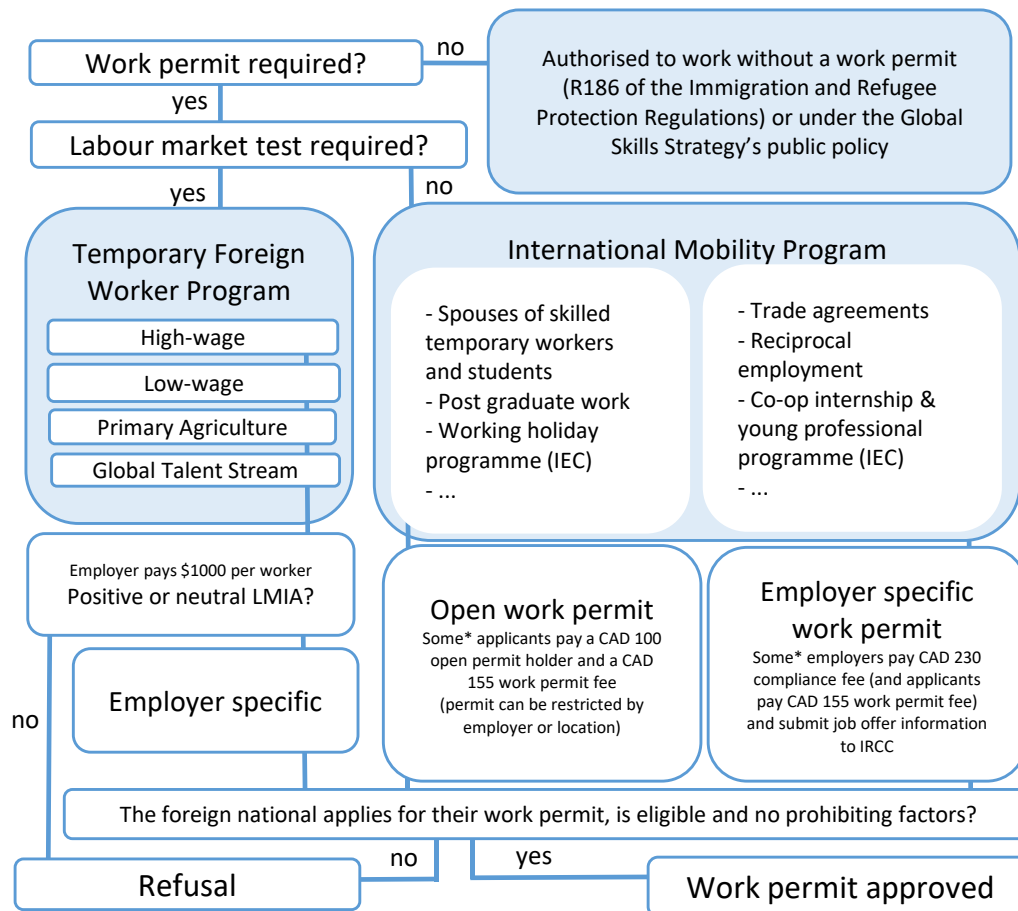
The second umbrella programme, the International Mobility Program (IMP), includes LMIA-exempt work permits as well as work permit exemptions. Exemptions from the labour market test are provided when there are broader economic, cultural or other competitive advantages for Canada or when Canadians and permanent residents enjoy reciprocal benefits in other countries such as in the case of international exchanges or provisions under trade agreements. In addition, exemptions from the LMIA exist for a number of specific groups, including refugee claimants, certain permanent residence applicants in Canada and their family members and for humanitarian reasons. Several professions and individuals are allowed to work in Canada without a work permit. This includes international full-time students with a valid study permit, who can work part-time during the academic season and full-time during academic break both on and off campus based on their valid study permit if the permit states this condition, business visitors and short-term highly skilled workers and researchers, foreign representatives, foreign military members as well as some specific professions.² ESDC is responsible for the TFW Program while Immigration, Refugees and Citizenship Canada (IRCC) administers the IMP.

Temporary work permits in Canada can be either open or employer-specific. Open work permits are in most cases unrestricted³, meaning they are neither employer- nor occupation-bound and allow their holder to work throughout Canada and for any employer. Open work permits do not require an LMIA from ESDC and employers do not need to submit an offer of employment via the Employer Portal, nor pay the full employer compliance fee (see next section). Individuals who receive an open work permit come from a diverse group of foreign nationals who require such permits for many different reasons. As they do not need an LMIA, open work permit holders are part of the IMP, although not all individuals who are part of the IMP are eligible for an open work permit. The largest groups with such a permit are spouses of economic immigrants and international students, former international students holding a post-graduation work permit, and participants in the working holiday programme, one of three categories under the International Experience Canada (IEC), the bilateral reciprocal Youth Mobility Agreements (YMA) Canada has negotiated with partner countries. Furthermore, open work permits are also granted to other groups under the IMP, such as, for example, asylum seekers and applicants for permanent residence from within Canada.

While open work permits state solely the duration of the permit, an employer-specific permit additionally states the name of the employer and, where applicable, the location. A temporary foreign worker who holds such a permit can only work for the employer, length of time and, where applicable, the place specified on the permit. Individuals working under the TFW Program generally hold employer-specific work permits. Hence, they need to obtain a new work permit if they wish to change employer. Workers under the Seasonal Agricultural Workers Program

(SAWP) – one sub-stream of the Primary Agriculture stream – are an exception to the rule. Although these workers are part of the TFW Program, they do not need a new work permit to change employers, as long as the new employer has a valid LMIA to hire the foreign worker under the SAWP.⁴ Figure 3.2 provides an overview of temporary labour migration.

Figure 3.2. Overview of temporary labour migration



Note: Under the TFW Program, many employers are exempted from paying the CAD 1 000 fee; for example, positions under the TFW Program's Agriculture Stream.

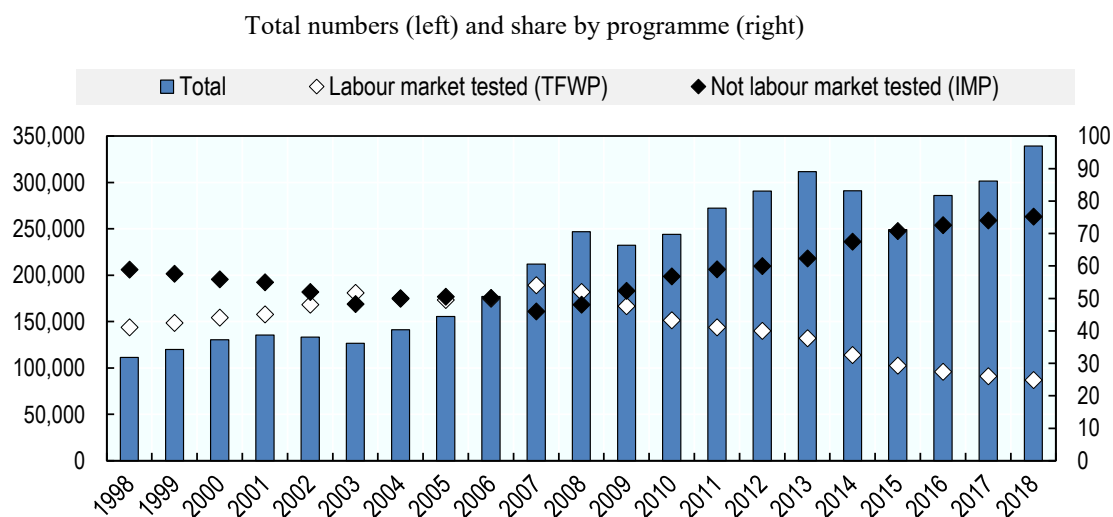
*If the applicant is exempt from the requirement to pay the work permit processing fee, he/she will be exempt from the requirement to pay the open work permit holder fee. If the applicant is exempt from the requirement to pay the work permit processing fee, the employer will be exempt from the requirement to pay the open work permit holder fee.

Source: OECD Secretariat with data from IRCC.

Over the last 20 years, there has been a strong increase in temporary work permits. Numbers tripled from around 110 000 permits in 1998 to close to 340 000 in 2018 – a number equivalent to about 1% of the Canadian population.⁵ In particular, the number of temporary migrants under the IMP reached unprecedented levels. They accounted for three-quarters of work permits issued to temporary labour migrants in 2018 (Figure 3.3). When considering only initial work permits for work purposes

in 2018, over 82% were issued under the IMP and only 18% under the TFW Program, as most permits under the latter are renewals – especially for returning agricultural workers.

Figure 3.3. Work permit holders by year in which permit(s) became effective and programme (%), 1998-2018



Source: OECD Secretariat calculations based on data from IRCC.

In absolute numbers, most work permit holders concentrate in Ontario, followed by British Columbia and Quebec. This is irrespective of the programme (TFW Program/IMP) though, importantly, for a fifth of IMP work permits issued, the intended location (province/territory) of work is not recorded. Relative to the population however, foreign work permit holders are often found in Prince Edward Island, British Columbia and Yukon, where they account for more than 1% of the population.

As noted, an increasing number of international students adds to Canada's labour force. In 2018, Canada issued close to 185 000 initial study permits⁶, a close to three-fold increase over ten years. However, the total number of study permits cannot simply be added to those temporary labour migrant with work permits, and this for several reasons. First, there are possible overlaps,⁷ second, not all study permit holders benefit from these provisions⁸ and, thirdly, not all international students take advantage of the working opportunities provided by their permit.

In the following paragraphs, the three groups – temporary workers under the TFW Program, the IMP and international students – are each discussed in more detail.

Temporary Foreign Worker (TFW) Program

Recent reforms to the labour-market-tested programme reduced the number of permits issued

The TFW Program itself has undergone several significant reforms in recent years.⁹ These were motivated by concerns to streamline the programme, thereby rendering it a last and limited resort to fill acute labour shortages and to address integrity issues, as well as concerns about the treatment of some temporary foreign workers (Nakache and Kinoshita, 2010^[2]; HUMA, 2016^[3]; CIC, 2012^[4]).

As a result, Canada introduced stricter provisions for testing labour needs and labour market impact. The current Labour Market Impact Assessment (LMIA) requires employers to provide extensive information, such as the number of Canadians and permanent resident workers who applied and interviewed for a position, and reasons why interviewed candidates were not hired. A fee of CAD 275 for the LMIA was introduced in 2013 and raised to CAD 1 000 in June 2014.

A crucial change with the overhaul of the programme in 2014 was that all streams in the TFW Program – apart from the Primary Agriculture stream and the, since terminated, Live-in Caregiver Program (LCP) – were reorganised. They are now based on wage levels rather than on occupational groups and skill levels. If an employer is offering a wage that is at or above the provincial/territorial median hourly wage, it is considered a “high-wage” position, and if the offered wage is below the median hourly wage, it is considered a “low-wage” position. Job Bank (see below) lists the current median hourly wage by province/territory and shows the varying wage levels across the country (Table 3.1) The process of obtaining an LMIA differs depending on whether the position is classified as “high-wage” or “low-wage”.

Table 3.1. Median hourly wages in CAD by province or territory

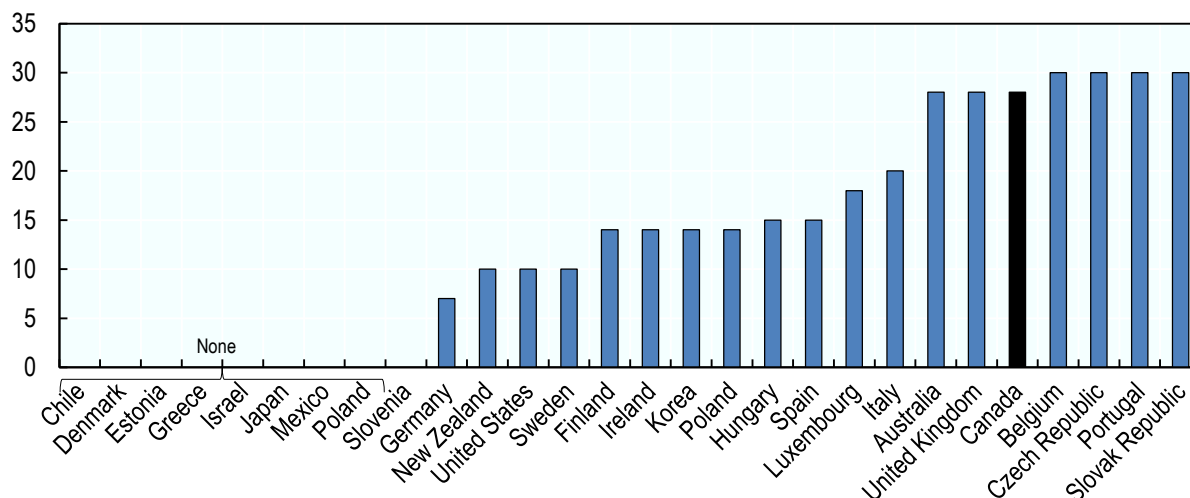
Province/Territory	2018 wage (CAD / hour)
Alberta	26.67
British Columbia	23.98
Manitoba	21.00
New Brunswick	20.00
Newfoundland and Labrador	22.00
Northwest Territories	34.00
Nova Scotia	20.00
Nunavut	30.00
Ontario	23.08
Prince Edward Island	19.49
Quebec	22.00
Saskatchewan	24.52
Yukon	30.00

Source: IRCC online data based on Statistics Canada, Labour Force Survey, 2018.

For both wage streams, the employer needs to provide details about the job offer, such as job responsibilities, location, working hours, pay and benefits. As part of the LMIA, labour market impacts of the employment of the foreign temporary worker are also assessed. For “low-wage” positions, a cap applies to limit the number of low-wage TFWs hired by the same employer at a particular location to a maximum of 10% of the total staff or 20% for employers who employed temporary foreign workers in the six weeks prior to June 20, 2014, though there are some exemptions.¹⁰ In addition, employers cannot hire TFWs in certain low wage occupations¹¹ requiring little or no education, in the accommodation and food services sectors, or in the retail trade industries, when the unemployment rate in the economic region in question is 6% or higher. “High-wage” positions are not capped, but require a transition plan, outlining steps employers will take to transition to a domestic workforce.

Further changes in 2014 for obtaining an LMIA stipulated that employers must advertise vacancies for four consecutive weeks – instead of two previously. One channel for doing so is Canada’s national online platform “Job Bank”, which connects job seekers with job openings. It also provides a wide range of labour market information, including the median wage of an occupation by province or territory. As of August 2017, employers (with some exceptions) seeking access to the “high-wage” and “low-wage” streams of the TFW Program are required to advertise on Canada’s Job Bank and subscribe to the Job Match alert service for at least four consecutive weeks as part of their advertising requirements. Employers also have to demonstrate their efforts to recruit Canadian/permanent residents (see below). The required duration of advertisement is at the high end of the scale compared to other OECD countries (Figure 3.4).

Figure 3.4. Duration of the advertising period in the labour market test for temporary labour migration permits, in days, 2018

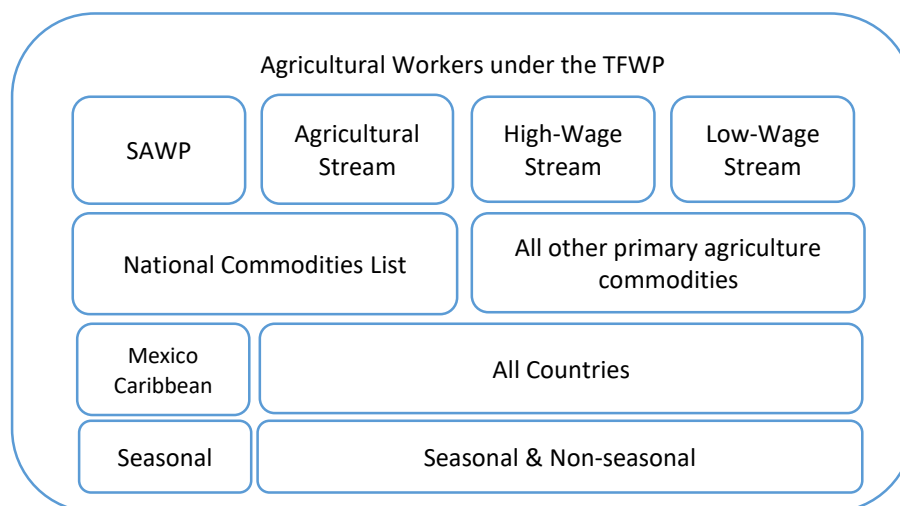


Source: OECD Secretariat.

“Job Match” – a feature of Job Bank – allows employers to see the profiles of registered Canadian job seekers who correspond to the skills profile outlined in their job postings. Jobseekers who provide an email address in their online application for employment insurance are automatically sent an email to subscribe to Job Match alerts. Depending on how well they match the employment offer, job seekers receive a one out of five star rating on Job Bank. Employers are required to invite all job seekers matched within four consecutive weeks of the job advertisement to apply for the position if they are rated four stars or more under a “high-wage” scenario, or two stars or more under a “low-wage” scenario.

An enhanced policy on recruitment processes was put in place in August 2017 to further ensure that Canadian citizens and permanent residents are considered first and foremost for available jobs. Employers seeking to hire temporary foreign workers in “low-wage” occupations (with some exceptions) must now demonstrate that they have made efforts to recruit from two or more underrepresented groups that face barriers to employment (i.e., Indigenous people, vulnerable youth, persons with disabilities, and newcomers) before they can apply to the “low-wage” stream. Previously, employers were required to demonstrate efforts to recruit from a single underrepresented group.

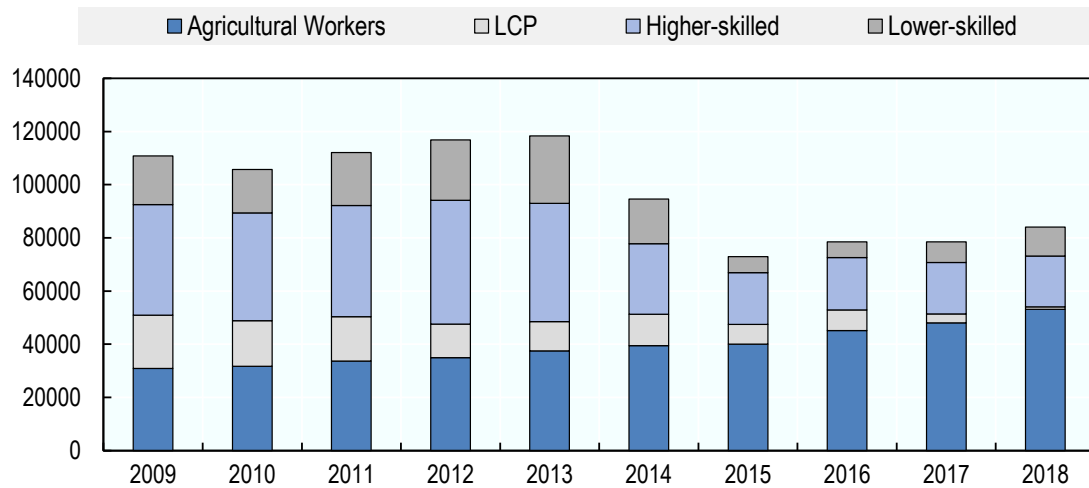
Temporary foreign workers under the TFW Program today can be grouped into the “high-wage” positions Stream, the “low-wage” positions Stream, the Global Talent Stream and the Primary Agriculture Stream (Figure 3.2). The Primary Agriculture stream is currently divided into four sub-streams: The Seasonal Agricultural Worker Program (SAWP), the Agricultural sub-stream, the High-Wage sub-stream, and the Low-Wage sub-stream. The primary agriculture stream’s High- and Low-Wage sub-streams are not to be confused with the “high-” and “low-wage” under the broader TFW Program. The seasonal SAWP, where the temporary foreign worker is a national of Mexico or participating Caribbean countries, is by far the largest programme accounting for about three-quarters of permits issued over the last decade. However, in 2018, initial permits – those not issued to returning workers – under the other streams accounted for around two-thirds of permits issued. This suggests that while the absolute new intake of the SAWP increased modestly, the growth of the agricultural programmes between 2015-18 was driven by a larger intake under these other seasonal and non-seasonal programmes (Figure 3.5).

Figure 3.5. Streams of agricultural workers under the TFW Program

Note: The primary agriculture stream's High- and Low-wage Streams are not to be confused with the "high-" and "low-wage" under the broader TFW Program.
Source: ESDC (2019^[5]).

Since the termination of the Live-in Caregiver Program (LCP) in 2014, newly arriving immigrants working in caregiving occupations are part of the regular "high-" or "low-wage" streams. Overall, with the 2014 restructuring of the TFW Program, the number of work permits issued decreased significantly although there was a slight rise in 2018, driven by increases in the agricultural stream (Figure 3.6).

Work permits can be valid for differing durations. Participants under the SAWP – about two-thirds of all agricultural workers in 2018 – have to leave Canada by the 15th of December each year and can only return the following year. The duration of a work permit for "low-wage" workers outside of caregiving occupations¹² has been set at a maximum of one year. This makes – where applicable – an annual renewal necessary. For "high-wage" workers, the duration is a maximum of two years. At the same time, since December 2016, temporary foreign workers can remain and work in Canada as long as they have a valid visa/work permit.¹³

Figure 3.6. TFW Program permit holders with permit(s) by sign year, 2009-18

Note: Numbers show individual work permit holders by programme with a permit signed in the given year. The Live-in Caregiver Program (LCP) ended in 2014 and foreign caregivers under the 2014 caregiver pilots take part in the regular LMIA tested programmes. Data excludes a small number of other TFW Program holders. Source: OECD Secretariat calculations based on data from IRCC.

The labour market test for “high-wage” positions is cumbersome

As mentioned, for “high-wage” job offers, employers must provide a “transition plan” in which they specify how they intend on reducing their dependence on temporary foreign workers and to transition to a Canadian workforce in the future. This plan comes in addition to fulfilling many of the same requirements for “low-wage” occupations. Regarding the transition plan, employers have two options – either to help the temporary foreign worker to become a permanent resident or to reduce the need for temporary foreign workers altogether. Regarding the latter, employers need to provide proof of four distinct activities to recruit, train or retain Canadians/permanent residents. Such activities notably include: raising the wages offered, providing on-the-job training, providing paid leave for education, engaging with headhunting firms, partnering with unions, providing part-time or flexible working solutions, and providing financial support to relocate workers. One of these activities has to engage an organisation serving groups that face barriers in the labour market. Alternatively, employers can commit in their transition plan to supporting the temporary worker into becoming a permanent resident. This can for example entail to offer language training to support a permanent residence application. If employers are not able to demonstrate that they have made reasonable efforts to fulfil the commitment made in their Transition Plan, their subsequent LMIA application may receive a negative assessment on this labour market factor. Table 3.2 provides an overview of the LMIA, by TFW stream.

Table 3.2. Key assessment criteria by TFW Program streams

	High Wage Stream	Low Wage Stream	Primary Agriculture Stream	Global Talent Stream
Assessing the genuineness of the job offer	x	x	x	x
Direct job creation/retention	x	x	x	x
Transfer of skills/knowledge	x	x		x
Filling a genuine labour shortage	x	x	x	x
Employer offers prevailing wage and acceptable working conditions	x	x	x	x
Employer has/will attempt to hire or train Canadians	x	x	x	x
No effects on current labour dispute	x	x	x	x
Transition Plan	x			
Labour Market Benefits Plan				x
Verification of cap (maximum 10% of workforce, or 20% for employers employing TFW six weeks prior to June 20, 2014)		x		

Note: Employers can be banned from the TFW Program in the case of previous non-compliance.
Source: ESDC's Resource Determination Model (RDM).

It is not clear why this cumbersome process of a transition plan is in place for “high-wage” jobs. Most OECD countries favour rather than discourage recruitment of high skilled temporary migrants. In addition, the bulk of temporary high-skilled employees come via the LMIA-exempt IMP which is discussed below. Under this programme, no labour market test is required. Imposing a transition plan including a CAD 1 000 fee for this group of temporary workers clearly incentivises employers to find ways to switch to the non-labour market tested IMP. Changes in volumes of the IMP in recent years suggest that this might indeed be the case.¹⁴

The Global Talent Stream facilitates temporary migration for certain employers and occupations...

Certain temporary labour migrants who require an LMIA benefit from fast-track processing (ten business days).¹⁵ If applicable, their subsequent visa and work permit application can also benefit from fast-track (additional 14 calendar days) processing if they apply from outside Canada and their employer takes part in the Global Talent Stream (GTS) under Canada's Global Skills Strategy (Box 3.1), which was made permanent in Budget 2019. This preferential treatment still requires a positive LMIA, which under the GTS includes a Labour Market Benefits Plan (instead of a transition plan required as in the LMIA for “high-wage” positions).

By using the GTS, employers may apply for an LMIA through two distinct channels. They can either obtain a referral from a “designated partner” for hiring specialised talent (Category A) or recruit for specific jobs from the Global Talent (GT) Occupations List (Category B). Employers do not need to formally demonstrate prior recruitment efforts of Canadians and permanent residents, because a shortage has already been determined in these occupations.

As of February 2019, 37 designated partners had been approved for referral to Category A and the GT Occupations List included 12 occupations (or a subset thereof), mostly professional occupations in natural and applied sciences.

Box 3.1. Canada's Global Skills Strategy

Canada's Global Skills Strategy (GSS) aims to attract top global talent to Canada by providing work permit exemptions for high-skilled short term work, and a dedicated service channel for employers. The goal is to provide faster and assured access to highly-skilled foreign workers to fill job vacancies while ensuring that Canadians and permanent residents have the first opportunity to apply for available jobs. Under the strategy, two types of workers do not need work permits. The first group are individuals working in highly-skilled (NOC¹⁶ 0 and A) occupations for up to 15 days in six months or 30 days in a given year. The second are researchers at a Canadian publicly funded degree-granting institution or its affiliated research institution, who will work for no more than one 120-day period in Canada, once every 12 months.

LMIA-exempt workers qualify for two-week processing of their employer specific work permit application if they are applying from outside Canada, if their employment offer is either a managerial or professional job (classified as 0 or A under the NOC) and their employer has submitted an offer of employment using the Employer Portal and paid the CAD 230 employer compliance fee. However, applicants from the International Experience Canada within the IMP are not eligible for this accelerated processing and have a separate service standard of eight weeks processing time.

LMIA-required workers qualify for two-week processing of their work permit application if they are applying from outside Canada, and have received a positive LMIA through the GTS. The GTS was launched as a two-year pilot in June 2017, as part of the GSS, and made permanent in Budget 2019. It facilitates two-week LMIA processing for companies seeking unique talent, or seeking to hire foreign nationals in occupations for which there is a shortage of domestic labour. The stream is available for two types of Canadian employers:

- Innovative Canadian companies, that are recommended by an ESDC Designated Partner, and seeking to fill a position(s) which requires unique and specialised talent in order for the firm to scale-up and grow (Category A); and
- Companies seeking to hire highly-skilled foreign workers for occupations found on ESDC's GT Occupations List because they have been determined to be in demand and for which there is insufficient domestic labour supply (Category B). The list is focused on technology, engineering and mathematics (STEM) occupations and updated annually based on labour market information.

While the same regulations apply, the GTS has some unique elements. It provides eligible employers with client-focused service to assist with the GTS application process and there are no minimum recruitment requirements. As part of the application process, an employer using the GTS is required to develop a company-specific Labour

Market Benefits Plan that outlines their measurable commitments to create lasting benefits for the Canadian labour market through activities such as job creation, investment in training and skills for Canadians and permanent residents, and increased diversity in the workforce. Progress Reviews of these Labour Market Benefits Plans on an annual cycle help identify and measure progress on these commitments, and all employers returning to the Stream will have their existing Plan reviewed and may be requested to amend or expand existing commitments to make the benefits commensurate with their usage of the Stream. The GTS requires employers to pay and at least annually adjust the wage to temporary foreign workers ensuring equivalent wages to Canadian/permanent resident employees hired for the same job and work location, and with similar skills and years of experience. Under both categories, additional salary thresholds apply. These LMIAs and the subsequent work permit applications benefit from priority processing¹⁷. Spouses and partners of skilled workers arriving in Canada under this Strategy can get expedited work permits to further their own careers, ensuring that all family members are welcomed together.

As of June 2019, more than 1 300 Canadian companies, representing every province, have used the GTS and since implementation in June 2017 over 23 900 work permit applications were processed under the GSS. In addition, over 160 employers making job-creating investments in Canada have also been referred to IRCC's Dedicated Service Channel, a pillar of the GSS. In 2018, the majority of permits that became effective were open employment authorisations followed by computer and information systems professionals as well as university professors and lecturers.

In 2018, over 80% of new work permits under the GSS were completed within 19 days, while those highly skilled professionals who did not benefit from this accelerated processing needed to wait three times as long (56 days). Work permit extensions for high-skilled level work permits took longer, close to three months (87 days) to complete 80% of cases.

Applications for work permit renewal from within Canada are not eligible for faster processing under the GSS. If a temporary resident applies for renewal of his/her work permit from within the country and their permit expires before a decision is made, they benefit from "implied" status and may continue working under the same conditions as their work permit, pending a decision being taken on their application for renewal, as long as they remain in Canada.

...but most work permits remain employer-specific

As noted, temporary work permits in Canada can be either open or employer-specific. The TFW Program by design is employer-specific. It is built around a labour market test that requires employers – among other things – to demonstrate a labour shortage. If a temporary foreign worker wants to change jobs or employers, they must apply to change the conditions of their work permit, which in the cases of most TFW Program streams includes a new job offer letter, employment contract and a new LMIA.

The fact that foreign workers are bound to their employers appears to be motivated at least in part by relatively high costs of recruitment faced by the latter. At the same time, the employer-specific work permit limits bargaining power of the temporary foreign worker, making them dependent on the compliance of their employer. If an employer is found non-compliant and banned, an employee risks losing their permit.¹⁸ This does not only seriously limit the incentives to report non-compliant employers but also potentially puts employees at risk of exploitation and abuse (Nakache and Kinoshita, 2010^[2]; Caruso, 2018^[6]). However, the degree to which this is actually the case is not known.

Other OECD countries have introduced provisions to limit the risks for temporary labour migrants in the case of non-compliant employers. In New Zealand, for instance, temporary foreign workers can continue to work for a non-compliant employer for as long as their visa remains valid but cannot renew their visa. In Korea, temporary workers (under the E-9 programme) are allowed three voluntary changes of employers over the course of their employment period (within the same sector and among authorised employers) but changes that became necessary due to circumstances beyond their control (such as, an annulation of the contract) do not count towards this number. An alternative, providing for more flexibility, would be to link temporary permits and the labour market test to occupations and/or certain provinces, rather than specific employers.

As employer-specific work permits limit mobility of the migrant worker concerned, Canada announced in May 2019 a new policy for vulnerable migrant workers who are at risk of abuse in the workplace. These temporary foreign workers can apply for a specific “open work permit for vulnerable workers” which is LMIA-exempt and entails the possibility to obtain authorisation to work for another employer.¹⁹

Work permit extensions involve a repetition of the process, including the fee...

An employer can apply for several temporary foreign worker positions using one LMIA application form but has to pay the CAD 1 000 fee for each worker.²⁰ The LMIA is valid for six months and within this period the temporary foreign worker has to apply for their work permit to IRCC. Renewals of work permits under the TFW Program involve a repetition of the LMIA-process, including the mandatory payment of the CAD 1 000 fee for each applied position for a temporary foreign worker. This fee is non-refundable in cases of a negative LMIA or a subsequent negative work permit decision. The fact that for both “high-” and “low-wage” positions, each renewal requires the same procedure as for the issuance of the initial permit, is rather unusual in international comparison.

...and processing times for renewals are high, as are refusal rates

While permits under the GTS benefit from accelerated treatment, processing times for permits under regular temporary high-skilled migration have increased. Processing times vary depending on the type of application submitted; they are updated weekly and also made publicly available. Processing times for initial high-

skilled work permits were, in 2018, about five times longer than those for permits under the low-skilled category. For renewals of permits, where applicants benefit from “implied” status, processing times were much longer, and there was no difference between higher- and lower-skilled in terms of duration (Table 3.4).

Table 3.3. Processing times of TFW work permit applications, 2015-18

Work permits requiring an LMIA by occupational skill level, duration in days

	2015	2016	2017	2018
Work Permit	43	43	41	34
Higher-Skilled	71	78	89	81
Lower-Skilled	38	37	31	17
NOC is not defined	71	81	82	87
Work Permit – Renewals	114	111	110	108
Higher-Skilled	119	111	109	106
Lower-Skilled	111	110	111	107
NOC is not defined	113	111	110	109

Note: Data excludes Agricultural and Live in Caregiver Program. Processing times refer to the number of days in which 80% of complete applications received were finalised by IRCC.

Source: IRCC (CICEDW/EDW), February 2019.

Refusals for labour market tested work visas are common. In 2018, one-third of all work permit applications under the TFW Program (excluding agriculture and Live-in Caregiver programmes) were refused (Table 3.4); rates were slightly higher for low- than high-skilled occupations. In particular, renewals of work permits were more often declined than approved. However, this is driven entirely by the fact that virtually all applications that did not state the intended occupation were refused, and this share was higher for renewals. It is not clear to what extent applicants are aware of this procedure as in all years considered here, 2015 to 2018, about a quarter of issued applications (excluding withdrawals) did not state the intended occupation.

Table 3.4. Refusal rates of TFW work permit applications, 2015-18

High- and low-skilled TFW Program work permits, initial permits and renewal

	2015	2016	2017	2018
Work Permit	18%	20%	22%	23%
Higher-Skilled	7%	7%	12%	11%
Lower-skilled	14%	17%	17%	15%
NOC is not defined	98%	97%	98%	96%
Work Permit – Renewals	55%	58%	52%	56%
Higher-Skilled	10%	11%	6%	7%
Lower-skilled	15%	14%	7%	7%
NOC is not defined	99%	99%	99%	99%
Total	37%	36%	31%	33%

Note: Data excluded Agricultural and Live in Caregiver Program. Refusal rates exclude applications withdrawn.

Source: IRCC (CICEDW/EDW) March 2019.

Non-compliance rates under the TFW Program are low

As part of the overhaul of the TFW Program in 2014, the number of inspections was increased, aiming to inspect one in four employers using temporary foreign workers annually. Inspections may occur after a positive LMIA has been issued and the foreign worker has received a work permit and begun working. Inspections may be conducted during a period of six years and throughout this period employers are required to hold records – instead of two years previously. Inspectors have the power to conduct site visits without a warrant, interview workers (contingent on their consent) and review all 21 requirements when inspecting, compared to a previous three.

Given the limited numbers involved, inspections are rather frequent – 2 214 in 2017-18. Overall, only about 1% of inspected employers under the TFW Program were found non-compliant since 2015. There has, however, been a strong decline in TFW Program inspections in the fiscal year 2018-19. Conversely, that year also saw a larger share of non-compliant employers (5%). While outright non-compliance is rare, many employers face difficulties in fully complying with TFW Program regulations. Over the last four years, only 55% of employers under the “high-” and “low-wage” stream were found compliant, whereas over 40% needed to take action to comply with the requirements (Table 3.5). Employer correction was also required for about 32% of the primary agriculture stream and for almost half of the inspected employers in the caregiving sector.

Table 3.5. Completed TFW Program inspections, by fiscal year and outcome

Fiscal Year	Satisfactory (no correction required)	Employer correction required	Non-compliant	No Decision Entered	Total
2015-16	748	392	0	38	1 180
2016-17	1 752	1 101	1	80	2 938
2017-18	1 057	1 086	32	45	2 214
2018-19 (19 March)	606	483	66	86	1 241
Total	4 163	3 062	99	249	7 573

Note: Data by fiscal year, and outcome April 1, 2015 to March 19, 2019. The data excludes the Live-in Caregiver Program and Primary Agriculture programmes.

Source: Employment and Social Development Canada (ESDC)’s Foreign Worker System (FWS) and/or the National Integrity Investigation System (NIIS) and/or the Integrity Case Management System (ICMS).

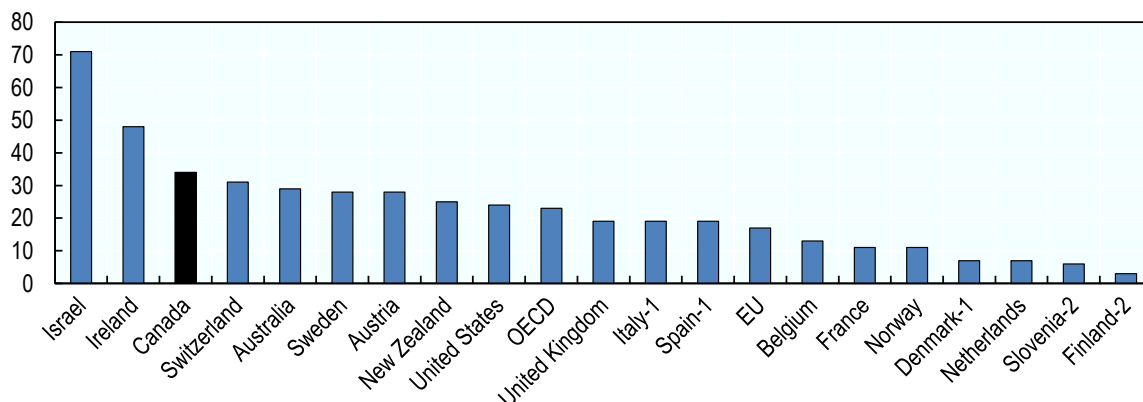
Possible sanctions for non-compliance include administrative monetary penalties and/or temporary bans from hiring temporary workers. Perhaps even more importantly, names and addresses of employers found non-compliant are made public on an internet list with details of the violation and its consequences. While this list of employers is not complete,²¹ it allows applicants to check if their employer has received a positive LMIA in the past.²²

Exceptional arrangements for labour migration in the caregiving sector exist

Canada has a long tradition of temporary migration in caregiving occupations and has established explicit links with its permanent migration stream for immigrant workers in this sector. As a result, about one in three long-time care workers in Canada is foreign-born, a larger share than in most OECD countries (Figure 3.7).

Figure 3.7. Over a third of long-time care workers in Canada are foreign-born

Percentage share of foreign-born among the LTC workforce in 2015 (or nearest year)

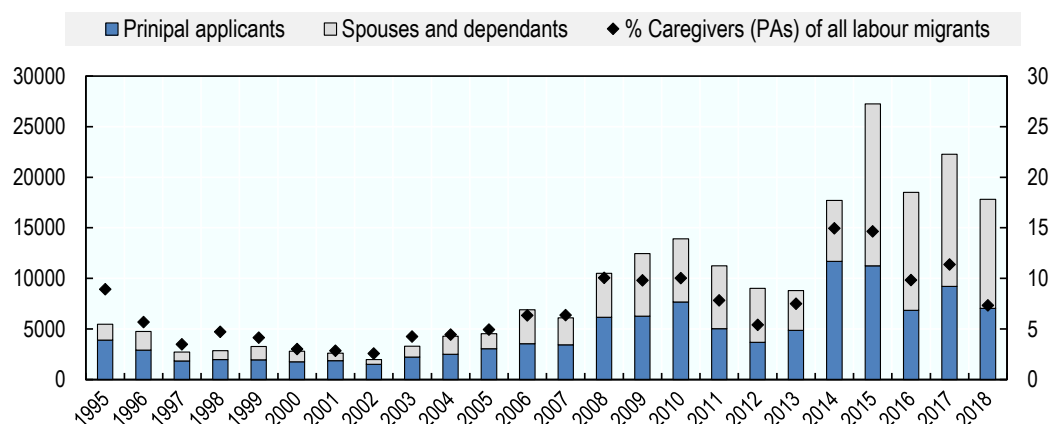


Note: OECD and EU are the unweighted averages of the 19 and 12 countries shown in the chart. EU-Labour Force survey data are based on ISCO 4 digit and NACE 2 digit. 1-Data are based on ISCO 3 digit and NACE 2 digit. 2-Data must be interpreted with caution, as sample sizes are small. Census 2016 for Canada.
Source: OECD (forthcoming^[7]).

The Live-in Caregiver Program (LCP) established in 1992²³ was closed to new applications in 2014. For over two decades, it allowed temporary labour immigrants working in the caregiving sector to apply for permanent residency as economic class immigrants within three (and after 2010 four) years of arrival in Canada, once they had completed at least two years of full-time caregiving work. These employees usually lived and worked in private households caring for children, seniors or people with disabilities.

Participants in the LCP required only the equivalent of a Canadian high-school diploma and six months' full-time training or 12 months' paid work experience as a caregiver within the last five years prior to admission. LCs needed a positive LMIA from ESDC to ensure no Canadians or permanent residents were available to take the position. While initially, most LCPs transitioning to permanent residency were principal applicants, from the mid-2000s onwards, up to one in two permanent residents admitted under this immigration class were spouses and dependants (Figure 3.8).

Figure 3.8. Admissions of permanent residents under the caregiver category, 1995-2018



Note: 2016-18 data might include small numbers of individuals admitted under the new caregiver classes.
Source: OECD Secretariat calculations based on data from IRCC.

The 2019 caregiver pilots address shortcomings of the previous programmes

After the termination of the LCP in 2014, Canada introduced two new economic immigration pilots for caregivers as part of its permanent immigration programmes: the Caring for Children and the Caring for People with High Medical Needs classes. In June 2019, these pilot programmes were replaced by the Home Child Care Provider Pilot and Home Support Worker Pilot. While the 2014 pilots are now closed²⁴ and have been replaced by new pilot programmes with new rules and criteria, Canada's experience with these pilots is nevertheless insightful.

The 2014 pilots changed the way caregivers apply for, and transition to, permanent residence compared to the LCP. Under the LCP, caregiver applicants were assessed for select criteria (such as official language and education requirements) at the temporary stage, before they arrived in Canada. While temporary resident intake was not limited, transitions to permanent residence were. This created a large backlog of applicants who qualified but were unable to transition. In contrast, to qualify for the 2014 pilots, caregivers needed to have worked in Canada already for 24 months in an eligible occupation. The assessment of skills and selection was then done upon application for permanent residence. Hence, foreign national caregivers first entered Canada as any other temporary foreign worker coming under the TFW Program. Depending on the wage offered, they were part of either the "high-" or the "low-wage" stream and a positive LMIA was required to obtain their employer-specific work permit. Unlike the former LCP, but similar to other economic immigration programmes, they were 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 could only apply for permanent residence after they obtained the relevant work experience and met all applicable permanent residence requirements. Compared with the former LCP, the live-in requirement was removed, and the programme criteria were modified to

more closely align with the approach of selecting economic immigrants on the basis of their ability to become economically established in Canada.

While the LCP only required high school education, the minimum education requirement had been raised to at least one-year Canadian post-secondary credential or equivalent under the 2014 caregiver pilots. In addition, applicants needed to prove language skills equivalent to CLB 5 for the Caring for Children and a varying minimum language level for a job under the Caring for People with High Medical Needs programme. The latter could be as high as CLB 7, depending on the specific requirements of the various occupations under the second programme. Since December 2017, families or individuals who hired a caregiver to care for persons who require assistance due to physical or mental condition, and to provide child care for individuals and families with an income below CAD 150 000 per year, have been exempted from paying the CAD 1 000 LMIA-fee. However, and in contrast to seasonal agricultural jobs, caregiving jobs still had to be advertised on Job Bank for four consecutive weeks. Employer-specific work permits were issued for two years to caregivers. Given that there has often been a time interval between arrival and taking up the job, this often implied a renewal to allow transitioning to permanent residence.

Both pilot programmes allowed for a capped number of permanent residence applications to be received by IRCC for processing annually (2 750 under each programme as for all immigration classes established through Ministerial Instructions). However, and in contrast to their predecessor, the 2014 caregiver pilots were under-subscribed. In 2017, Canada admitted only 1 875 economic immigrants as caregivers under the new programmes (principal applicants and their dependants), compared with combined cap of 5 500 principal applicants alone (IRCC, 2018^[8]).

While a report by the Canadian Bar Association suggested that the reason for the low take-up were the enhanced education and language requirement (Caruso, 2018^[6]), data on caregivers' education characteristics do not support this idea. In 2014, about 62% of principal applicants admitted as permanent residents under the LCP in that year (over 7 000 out of 11 320 for whom this data is available) had at least a Bachelor's degree. This stands in sharp contrast to the 1990s, where only about 5% of caregivers had such a degree (Kelly et al., 2011^[9]). However, already in 2007 the share of caregivers holding a Bachelor's degree and above had risen to above 60%, suggesting that the trend towards higher qualification of caregivers started prior to the introduction of the pilot programmes. It is nevertheless unclear to what extent the language requirements might have prevented caregivers to qualify for the two pilot streams.

A second reason for under-subscription outlined in the report might be alternative pathways for caregivers. They may qualify for the PT-programmes as well as for the federal high-skilled programmes under Express Entry (Caruso, 2018^[6]). For example, higher-skilled caregivers (NOC 3012 and 3233) can also qualify for the CEC, and several provinces have specific programmes to attract individuals in caregiving occupations. Such alternative channels have the advantage for the

migrant that they are permanent from the start, and thereby allow not only for full occupational mobility after admission but also for migrating as a family. Between 2016-18, about 2 700 higher-skilled caregivers (registered nurses, licenced practical nurses and nurse aides, orderlies and attendants) became permanent residents through the PNP and the programmes managed under Express Entry, compared with only about 170 under the 2014 caregiver pilots. That notwithstanding, both pathways – CEC and PT-programmes – are not new, and can thus hardly explain the low take-up of the 2014 programme.

A more likely reason, however, is the uncertainty regarding transitioning from temporary to permanent residence. Indeed, this is one of the changes in the new 2019 pilot programmes – the Home Child Care Provider Class and Home Support Worker Class. Applicants will be assessed for permanent residence criteria *before* they begin working in Canada, providing a clearer and more assured pathway to permanent residence. Once caregivers have their work permit and two years of eligible work experience, they will have access to a direct pathway to permanent residence. As a response to the alternative – and more attractive – pathways for higher-skilled occupations in the caregiving sector, the 2019 caregiver pilots only target in-home caregiving occupations at a lower-skill level (NOC 4411 and 4412, excluding housekeepers). The educational requirement of one-year of Canadian post-secondary education (or the foreign equivalent) introduced in the 2014 pilots is maintained, and the language requirement has been set at CLB 5 for both occupations. The 24 months of full time work experience must be acquired within a 36 months period.

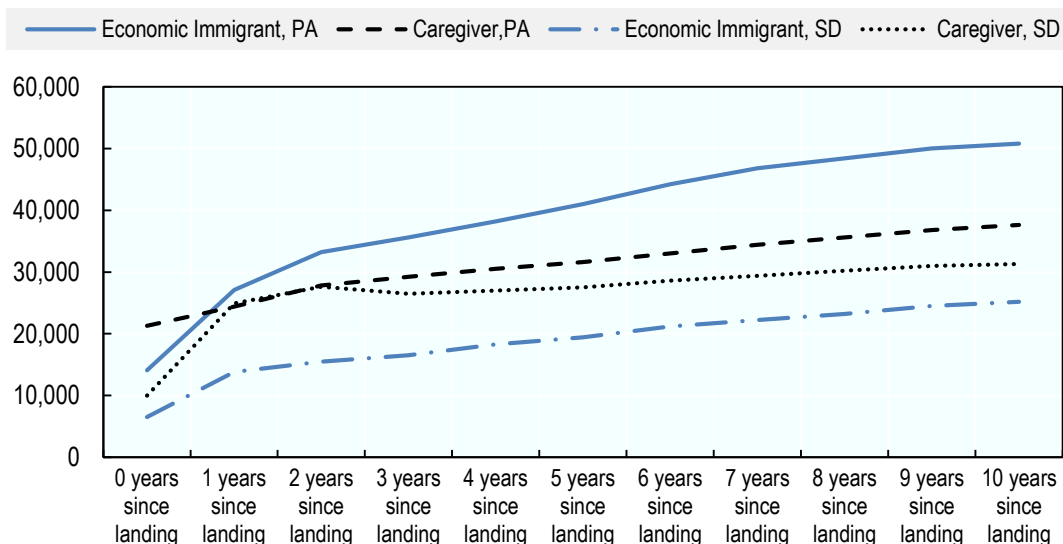
The new pilots also include further changes. Most importantly, the work permit caregivers receive is an occupation-restricted open work permit, which lets them work as a caregiver for almost any employer throughout Canada (excluding Quebec). It provides caregivers with the possibility to change jobs quickly. In addition, under the new programmes, caregivers can apply for open work permits for spouses/common-law partners and for study permits for dependent children. This allows the caregiver's family to accompany them to Canada from the start. Finally, employers will no longer need an LMIA before hiring a caregiver, facilitating their recruitment.

Skill-selective access to permanent residence in caregiver categories would increase the programmes flexibility

Overall labour market outcomes of labour immigrants under the caregiving programmes and those of their spouses and dependants are favourable. Data from the IMDB – notably based on previous cohorts, admitted under the LCP – suggests that 95% of principal LCP-applicants report earnings in the first year of landing and over 90% throughout the ten years after. What is more, following the year of landing, over 95% of LCP's spouses and dependants are working, in contrast to only about 60% among the spouses of federal skilled workers. While the income of caregivers remains below the levels of most other (permanent) labour migrants the income gap to their spouses and dependants is much smaller than for any other group of economic immigrants. What is more, the earnings of spouses and

dependents of caregivers are well above the earnings of spouses and dependants accompanying other labour migrants (Figure 3.9).

Figure 3.9. Median earnings by years since landing, Live-in Caregivers and economic labour migrants and their spouses and dependants, landing cohort of 2006



Source: IMDB, 2016.

In this context, the gendered nature of the caregiving sector is revealing. Over 90% of caregivers are women²⁵, compared to other permanent economic immigration programmes where the majority of principal applicants are men. Under all admission classes, male spouses and dependants who report earnings have higher median earnings than female spouses and dependants. Still, male spouses and dependants of caregivers have median earnings exceeding those of male spouses and dependants of federal skilled workers/federal skilled trades. However, the opposite holds for female spouses and dependants of caregivers.

One challenge of the caregiver programme is the fact that many caregivers leave the occupation once they become permanent residents (Banerjee, Kelly and Tungohan, 2017_[10]). At the same time, and partly a result of this, caregiving occupations continue to be in high demand across Canada. In March 2019, the national job online platform for job search and matching Job Bank listed over 2 800 vacancies for the term “caregiver”.

One option to remain the quality of selection but increase its flexibility would be by introducing a points system balancing educational and language skills with duration of work experience in the caregiving sector in Canada. Thereby, caregivers with somewhat lower skills would be required to remain longer in their profession to earn permanent residence.

A new pilot in the agri-food sector will test an industry-specific approach to address structural low-skilled labour needs

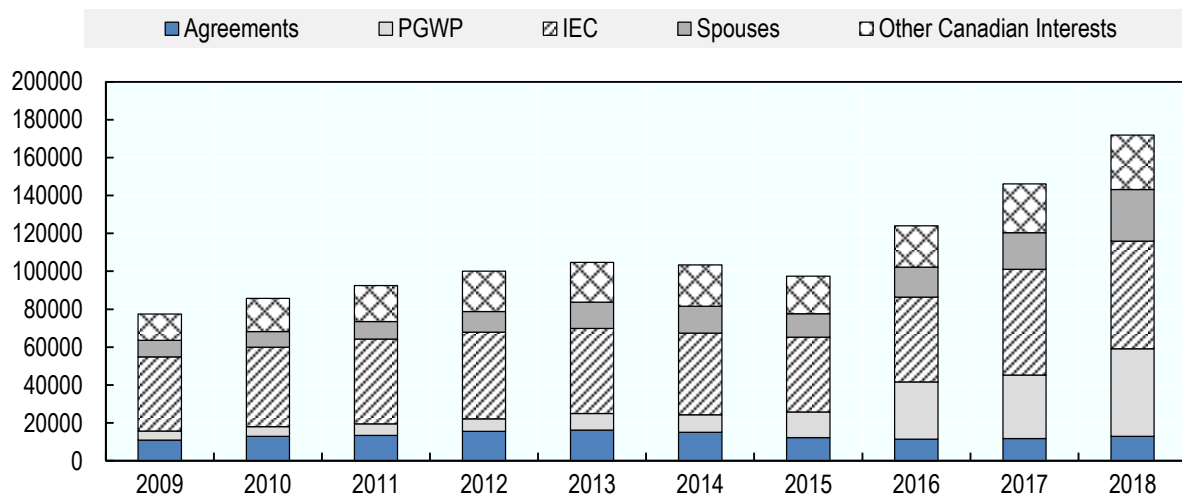
In July 2019, Canada announced a new 3-year economic immigration pilot, the Agri-Food Immigration Pilot, which aims to fill structural labour shortages particularly in meat processing and mushroom production. The programme aims to attract and retain workers experienced in these occupations by providing them with permanent residence.

Temporary foreign workers who meet the criteria will be able to apply under the new pilot starting in 2020. Applicants require 12 months of full-time, non-seasonal Canadian work experience in the TFW Program, in an eligible occupation in processing meat products, raising livestock, or growing mushrooms or greenhouse crops. In addition, they require at least a Canadian Language Benchmark level 4 in English or French and an education equivalency of Canadian high school level or greater. Finally, applicants need an indeterminate job offer for full-time non-seasonal work in eligible occupations in Canada, outside of Quebec, at or above the prevailing wage.

International Mobility Program (IMP)

High growth, driven by a few admission categories

Figure 3.10. IMP work permit holders by initial sign year and programme, 2007-18



Note: The number of permit holders by initial sign year differs from often published data on the number of permit holders by sign year as the latter includes both initial permits and renewals. Post-graduation work permit holders (PGWP) are sometimes disregarded in initial permit statistics as they in most cases had a previous (study) permit. For the purpose of comparing their “inflow” and as study permit holders are not included in this graph for previously outlined reasons, initial PGWP are included here.

PGWP, Working Holiday programme participants – one group (with the largest volume) of International Experience Canada work permit holders (IEC) and spouses are able to apply for an open work permit.

This figure does not include work permit holders for other reasons such as permanent residence application, humanitarian reasons and the category other.

Source: OECD Secretariat calculations based on data from IRCC.

The IMP, as the second umbrella programme for temporary work purposes, aims to advance Canada's broad economic, social and cultural national interests. Hence, individuals under the IMP do not need to pass a labour market test and are allowed to work either based on agreements or because their presence and ability to work is otherwise deemed to present a specific Canadian interest.

Initial work permits issued to individuals per year under the IMP more than doubled over the last decade (Figure 3.10). The growth has been largely driven by few groups of temporary workers. This includes in particular three groups, post-graduation work permits (PGWP) holders, individuals with permits under the International Experience Canada (IEC) programmes, and permits for spouses of skilled workers and international students.²⁶ The number of work permits under the category Agreements increased until 2013 and since then declined to its level from about a decade ago. This category includes intra-company transferees and professionals benefitting from provisions under international agreements such as free trade agreements between Canada and other countries (NAFTA, CETA, and going forward also CPTPP).

Since 2015, employers hiring through the IMP have to submit information to IRCC relating to their offers of employment via an online platform called Employer Portal and to pay an employer compliance fee of CAD 230 per work permit. In addition, the foreign worker has to pay a CAD 155 work permit fee. In the case of open work permits under the IMP, for example the working holiday programme of the IEC, which are not tied to a specific employer, an earmarked CAN 100 open work permit holder fee is collected from the applicant to fund the collection of employment information related to such permits.

Youth participating in temporary working programmes

Like many OECD countries, Canada runs federal programmes for foreign national young adults to work and travel temporarily in the country. The International Experience Canada (IEC) programme admits foreign nationals of selected countries on the basis of bilateral agreements, – for up to 24 months²⁷. To be eligible, applicants need to be aged between 18 and 35, while for few countries and programmes the age limit is 30 years²⁸. In most cases renewals are not possible for the same programme; however, applicants can apply for a new permit under a different programme within the IEC. The IEC stream combines three main programmes, and Canada sets annual quotas per country and category (IRCC, 2019^[11]).

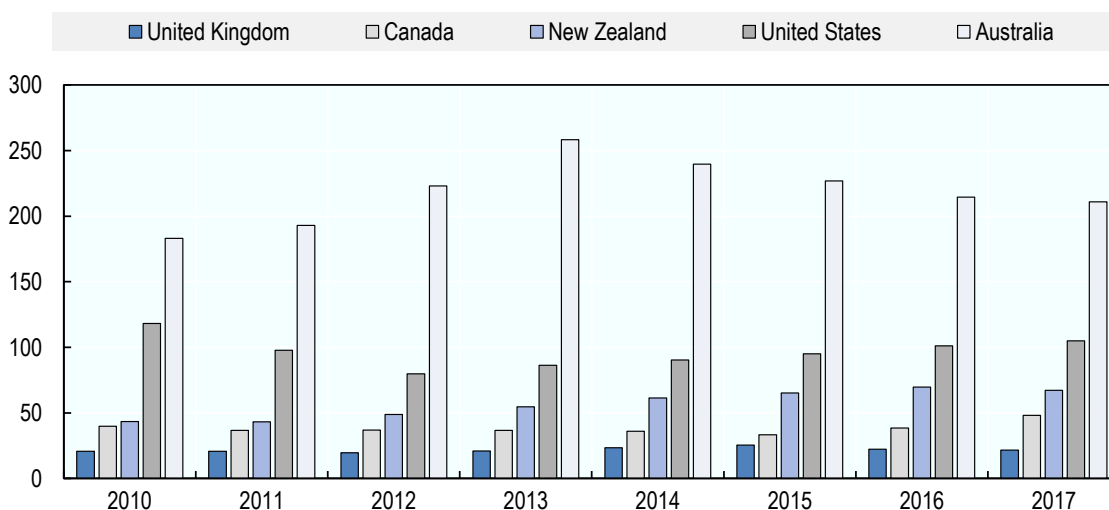
Individuals under the Working Holiday programme, the large majority (86%) of permits issued under the IEC, usually intend to travel in Canada and take-up temporary paid employment to help pay for their trip and living expenses. They need to pay a participation fee of CAD 150 and an open work permit holder fee of CAD 100. Participants of this programme receive an open work permit. This allows them to work in most jobs in Canada, change employers whenever they want or need to, and travel freely throughout the country. Evidence from New Zealand suggests that participants in this scheme from lower-income countries work more

hours than those from high-income OECD countries. This raises the question whether the primary intention of the former may be employment rather than travel (OECD, 2014^[12]). For Canada the number of hours participants of working holiday programme worked are not available. However, tax reported median earnings in 2015 of IEC open work permit holders (a close proxy for participants of the working holiday programme) suggest that youth of Australia and Ireland reported the highest earnings in Canada and those from Germany the lowest. In contrast, youth from Chile report an income that is close to the average of all countries.

The second category within IEC is the International Co-Op programme, which enables foreign youth enrolled at a post-secondary institution to gain work experience in Canada related to their field of study, usually in the form of an internship. The third category is the Young Professionals programme, under which youth are able to gain professional work experience after completion of their studies. Under both programmes, applicants need to have a valid job offer in Canada to be eligible to apply and need to prove a direct link to their field of study. If issued, their work permits are employer-specific. The participation fee in each of the programme is CAD 150 and in addition, employers need to pay the CAD 230 Employer Compliance fee online via the Employer Portal.

Initial permits to participants of the working holiday programme increased slightly over the past decade, but overall numbers are lower than in comparable OECD countries (Figure 3.11). These programmes are reciprocal but participation of Canadian youth abroad under such programmes has been low (IRCC, 2018^[8]). This reflects experiences in other major working holiday recipient OECD countries.

Figure 3.11. Initial permits to working holiday makers in selected OECD countries, 2010-17



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

Australia runs the largest working holiday programme in the OECD in absolute terms while relative to the population, the largest is that of New Zealand. Both are very similar to the Canadian one but a key distinction is that in both countries, the

programmes are a key feeder for transition to permanent residency. This is less the case in Canada where administrative data indicates that 7% of IEC foreign youth who came to Canada under the IEC Programme (combining the outlined three sub-programmes of which the working holiday is one) between 2013-17 have since then permanently immigrated to Canada (IRCC, 2019^[11]). A further distinction is that in contrast to the Canadian set-up, the Australian programme includes an extension possibility which in some circumstances allows for a third year for young workers who commit to stay in regional areas during their second year.

Non-compliance rates under the IMP are low

Table 3.6. Completed IMP inspections by fiscal year and outcome

Fiscal Year	Compliant	Compliant with Justification*	Non-compliant	Total
2015-16	116	4	1	121
2016-17	461	81	10	552
2017-18	2 929	453	42	3 424
2018-19 (31 Dec. 2018)	2 759	345	28	3 132
Total	6 265	883	81	7 229

Note: Data by fiscal year, and outcome April 1, 2015 to December 31, 2018. *Compliant with Justification: Employers who have provided justification, and compensation when required, in accordance with the Regulations to justify their non-compliance.

Source: Data compiled from ECIU Master Tracker provided from ESDC.

Programme inspections aim to protect temporary foreign workers and ensure that employers use the IMP properly. On behalf of IRCC, Service Canada inspects employers against the conditions listed on the work permit of their employees and the details of the offer of employment that employers previously submitted to Service Canada. This entails that employers meet all applicable employment and recruiting laws, as well as co-operate with Service Canada by showing up for inspections and providing all required documentation. Employers must keep any documents they have about the employment of their temporary worker for six years from the date Service Canada issued their work permit.

Overall compliance with the IMP is high, and only 1% of all inspected employers were found non-compliant. An additional 12% needed to provide justification and/or compensation since the start of the fiscal year 2015 (Table 3.6).

Penalties for non-compliance depend on the severity of the non-compliance and are decided by a points system. This looks, among other aspects, at the number of violations, the compliance history, the number of workers negatively affected by the violation, and for monetary penalties also at the size of the business. Possible sanctions for non-compliance include warning letters, monetary penalties from CAD 500 to CAD 100 000 per violation up to a maximum of CAD 1 million over one year. It can also include a ban from hiring temporary workers through the programme for one or several years and for serious violations a permanent ban from

hiring. In addition pending work permit applications tied to the business might be refused and active work permits revoked.

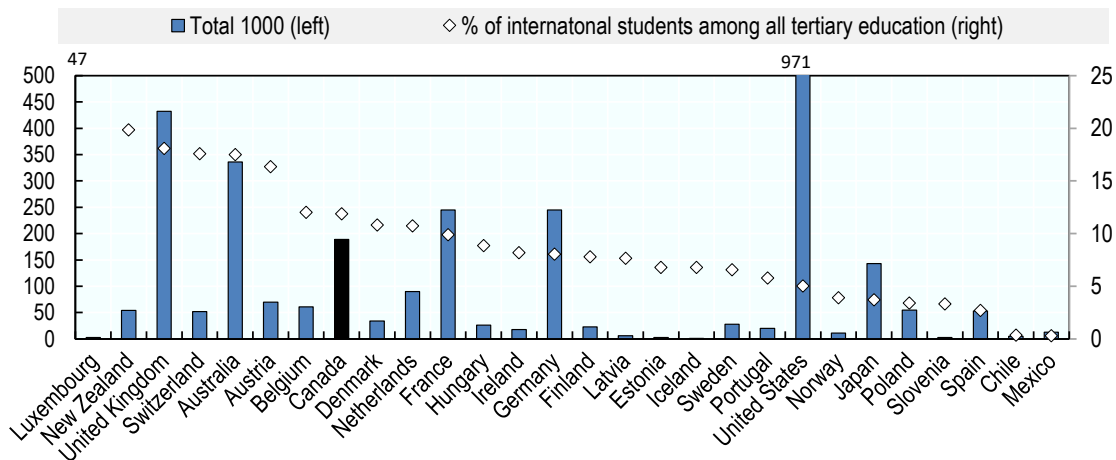
As for the TFW Program (see above) the names and addresses of employers found non-compliant under the IMP regulations are made public on an online list. This list states the reason for their non-compliance, the amount of monetary penalty – if applicable – and if they remain eligible for hiring temporary foreign workers under the programme in the future.

International Students

Strong increase in international students in parallel with expanded working possibilities

The number of international students enrolled in Canada is not particularly high in international comparison (Figure 3.12). However, among the major recipient countries of international tertiary students,²⁹ Canada experienced the largest growth in recent years. The numbers doubled between 2008-16, whereas for the OECD as a whole the increase was about 70%. In 2016, Canada hosted more than one in 20 international tertiary students in the OECD and around one in eight tertiary students in Canada was an international student.

Figure 3.12. International tertiary students enrolled in OECD countries, 2016



Source: *OECD Education at a Glance* (2018^[13]).

While international students do not necessarily constitute labour migrants per se, many countries offer them work permits to help them defray the costs of their education and to get a first foothold into the labour market. Countries are also increasingly providing facilitated pathways to residence, motivated by the fact that international graduates with host-country qualifications are essentially pre-integrated. Canada is no exception in this regard and provides possibilities for international students to work during and after their studies (via a post-graduation work permit) and a pathway to transition to permanent residence (Box 3.2).

Since 2014, international student visa holders in Canada have opportunities to work on campus and work off campus without an additional work permit. There are no restrictions in terms of hours related to on campus work, and international students may work off campus up to 20 hours a week during term times and full time on regularly scheduled breaks. In 2015, over 25% of international students reported earnings through on and/or off campus employment, up from 12% in 2004. International students may also access Co-Op or internship opportunities while studying provided that the work component is part of the academic programme (see above). In recent years, the number of Co-Op work permits issued for such purposes has increased.

Canadian data suggest that this strong increase of international students is still ongoing. The number of initial study permits issued in 2018 – excluding those for attendance in primary and secondary schools –, was around 185 000³⁰, an over 50% increase from 2016.

Most international students in Canada are citizens from either India or China. While from the late 1990s until 2016 over half of all international students came from China, numbers of Indian students have doubled since and in 2018, Canada issued one in three new study permits to Indians (Table 3.7). Numbers of international study permit holders who are citizens of Vietnam, Iran and Bangladesh also increased strongly over the past three years.

Table 3.7. International students by citizenship and sign year, 2015-18

	2015	2016	2017	2018
India	31 965	52 705	83 220	107 650
China, People's Republic of	65 900	76 975	82 905	85 735
Korea, Republic of	14 740	15 940	16 720	16 960
France	11 860	11 840	13 255	13 555
Vietnam	2 830	5 325	9 915	12 470
Other citizenship	91 880	101 890	109 975	121 215
Total unique persons	219 175	264 675	315 990	357 585

Note: These data include initial permits and renewals.

Source: IRCC 2018.

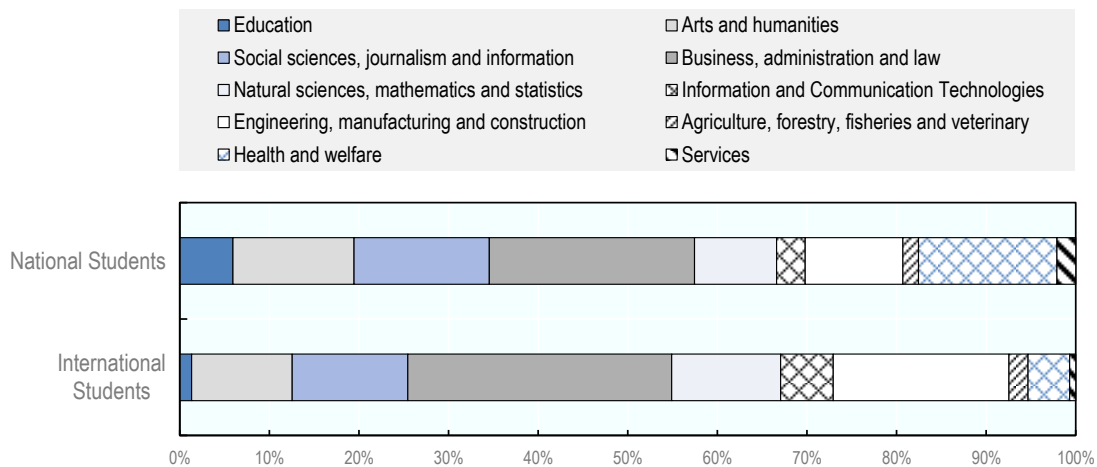
In this respect, it is important to note that Canada runs an expedited study permit processing programme available to legal residents of India, China, the Philippines and Vietnam who are living in one of these four countries and want to study in Canada at a post-secondary designated learning institution. As part of this Student Direct Stream (SDS) applicants need to meet specific requirements by providing upfront documentation and enjoy accelerated processing (see below).

International students mostly intend to live in Ontario (49%) and the larger cities in other parts of the country. At the end of 2017, 27% of international study permit holders concentrated in Toronto, and another 18% in Vancouver. 92% of international students whose permit was issued in the last four years intended to stay in a central metropolitan area – an area with a total population of at least

100 000 – a share almost identical than among the 2011-16 cohorts of labour immigrants (91%).

Almost one in three international students are in a subject in the field of business, administration and law, which is also the most popular field of study among national students, though at a lower share (23%). In comparison to the Canadian population however, international students are much more likely to study subjects in the fields of engineering, manufacturing and construction (20% against 11%) as well as subjects in the field of information and communication technologies (6% against 3%). In contrast, international students are less likely than Canadians to study education, health or welfare (Figure 3.13).

Figure 3.13. Field of study of international and national tertiary level students, 2016



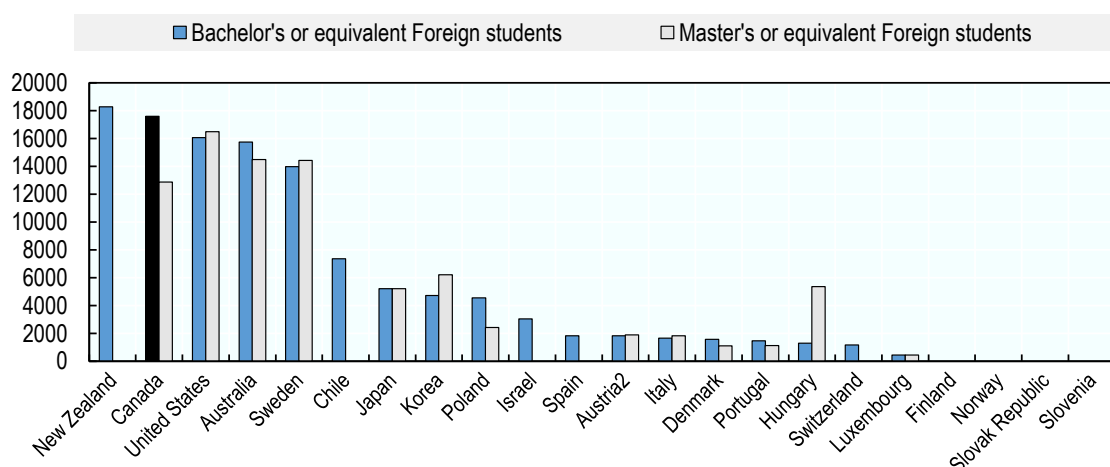
Source: OECD Education Database
https://stats.oecd.org/Index.aspx?DataSetCode=EAG_ENRL_MOBILES_FIELDS.

Possibility to work is a key driver for deciding to study in Canada

According to a 2018 survey of the Canadian Bureau for International Education, 62% of international post-secondary students stated that they chose Canada because of the possibility to work during their studies. However, among these students, less than half (43%) were actually employed at the time of the survey. What is more, the main source of income was on-campus work. Among those who did not yet find employment, a key challenge was limited work experience (52%), not finding an appropriate employment (37%) and limited time resources (33%). 13% of international students indicated that Canadian employers did not understand that they are legally allowed to work in Canada based on their study permit. While employment possibilities were key for post-secondary students, among all students the top three reasons to study in Canada were the reputation of the educational system, the reputation as a tolerant and non-discriminatory society, and Canada being a safe destination. Almost three in ten international students in Canada had also applied to other countries before deciding to study in Canada. Among those, 54% applied to the United States, 22% to the United Kingdom, 15% to Australia and 13% and 10% to France and Germany, respectively (CBIE, 2018^[14]).

In terms of attractiveness for university students more generally, a recent study ranks Canada eighth among 35 OECD countries, surpassed by the United States and Australia as well as a number of European countries (Switzerland, Germany, Norway, Finland and France). While this still places Canada in the top quarter of countries, this is a lower position than for temporary labour migrants with master's degrees or higher, discussed below (Tuccio, 2019^[15]). One of the reasons for Canada's lower ranking are the country's relatively high study fees for international students which are above the rates for domestic students (Figure 3.14). Those costs add to the high living expenses in the country especially for housing.

Figure 3.14. Annual average tuition fees charged by public tertiary educational institutions to foreign students in USD, 2015/16



Note: For New Zealand, estimates include universities only and exclude second programmes at ISCED 6, such as postgraduate certificates and diplomas. Year of reference for Korea 2016; United States 2011/12; Australia, Austria, Switzerland 2014/15; Israel 2013/14. Tuition fees for foreign students in Denmark and Sweden refer to students from outside the European Economic Area or the European Union.

Source: OECD (2018^[13]).

Approval rates have slightly declined but vary by province and programme as do processing times

Study permit approval rates vary greatly by the level of study and province/territory of destination. Overall approval rates for study permits for all school types have gradually declined over the past five years from 72% in 2014, to 66% in 2018. While between 2014-18, over 70% of all study permit applications in British Columbia were approved, the approval rate was much lower in the Atlantic Provinces. Furthermore, Saskatchewan saw the steepest decline in its approval rate over the past five years from 67% in 2014 to just 44% in 2018.

Table 3.8. Study permit approval rate in % by province, 2014-18

	2014	2015	2016	2017	2018
Alberta	65	64	63	63	65
British Columbia	80	79	80	73	73
Manitoba	68	67	58	56	62
New Brunswick	58	55	49	46	48
Newfoundland	64	63	60	61	61
Nova Scotia	77	73	66	65	67
Ontario	69	69	69	67	68
Prince Edward Island	59	63	48	50	56
Quebec	73	71	66	64	58
Saskatchewan	67	64	53	49	44
Total	72	71	69	67	66

Note: Shares include initial permits issued to all study programmes.

Source: IRCC (CICEDW/EDW) as of April 10, 2019.

Approval rates also varied by study programme. While most permit applications for doctorate programmes were approved – approval rates of over 80% in most provinces and years – rates were much lower in particular for study permit applications to college programmes and

Processing times for study permits vary by place of residence. Information by country and permit are publicly available online and regularly updated. The service standard for SDS processing is 20 calendar days.³¹ Processing starts after receipt of a complete application and biometrics.

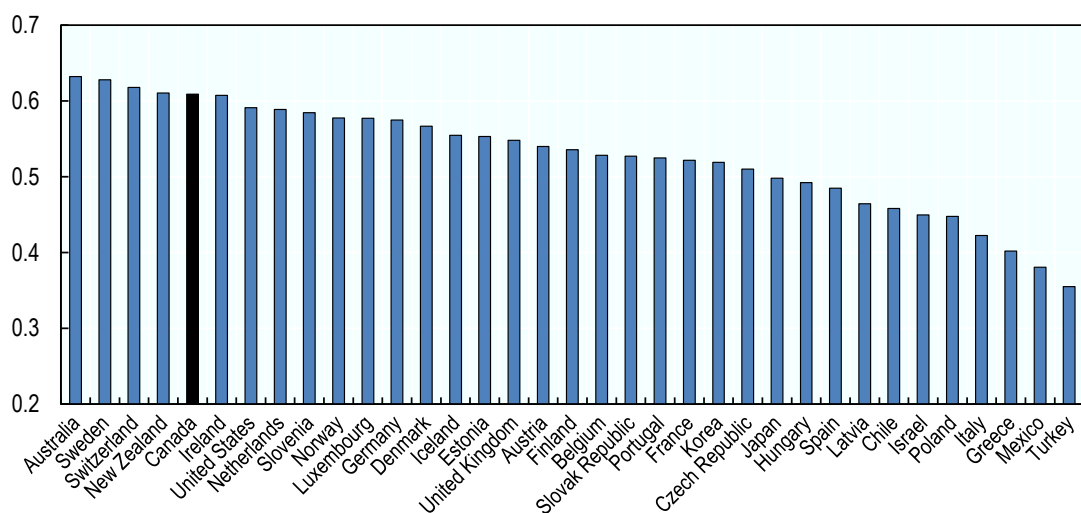
Common issues for the management of temporary labour migration

Attracting Talent

Canada is an attractive destination for highly educated workers from abroad

For the high-skilled sought-after talent the job market is increasingly global and Canada is an attractive destination for labour migrants from around the world. A recent OECD study on indicators of talent attractiveness places Canada in fifth position – after Australia, Sweden, Switzerland and New Zealand – among OECD countries for its overall attractiveness to workers with masters/doctoral degrees (Figure 3.15). This index considers a prospective migrant with a valid and skill-adequate job offer from the destination country. In the case of Canada, the index assesses the attractiveness of the “high-wage” stream under the TFW Program.

Figure 3.15. Attracting Talent indicators for workers with master/doctoral degree, 2019



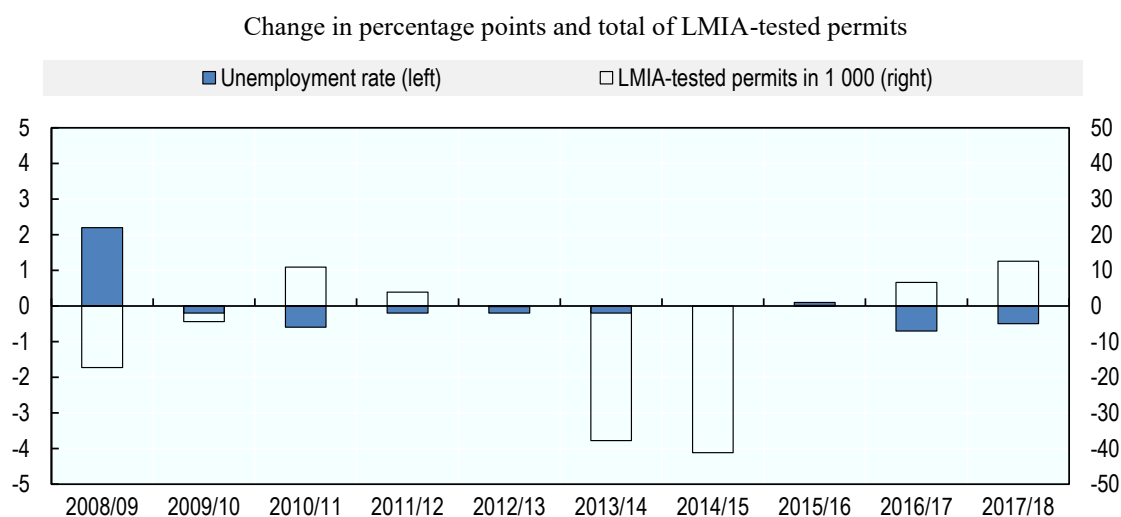
Source: Tuccio (2019^[15]).

In addition to considering the countries migration policies, the ranking takes into account employment and earning opportunities as well as non-pecuniary factors (such as possibility for family migration) and amenities. With regard to seven broad factors considered as key influences on migrants' decision-making where to move to, Canada ranks within the top quarter when considering migrants' future prospects, inclusiveness and the quality of life. It also ranks high for the quality of opportunities, migrants' income, and its skills environment. The only factor where Canada takes a position below average is "family environment".³²

Labour Market Impact

Changes in labour market tested permits correlate with regional unemployment

Figure 3.16. Change in unemployment rate and labour market tested work permit levels 2009-18



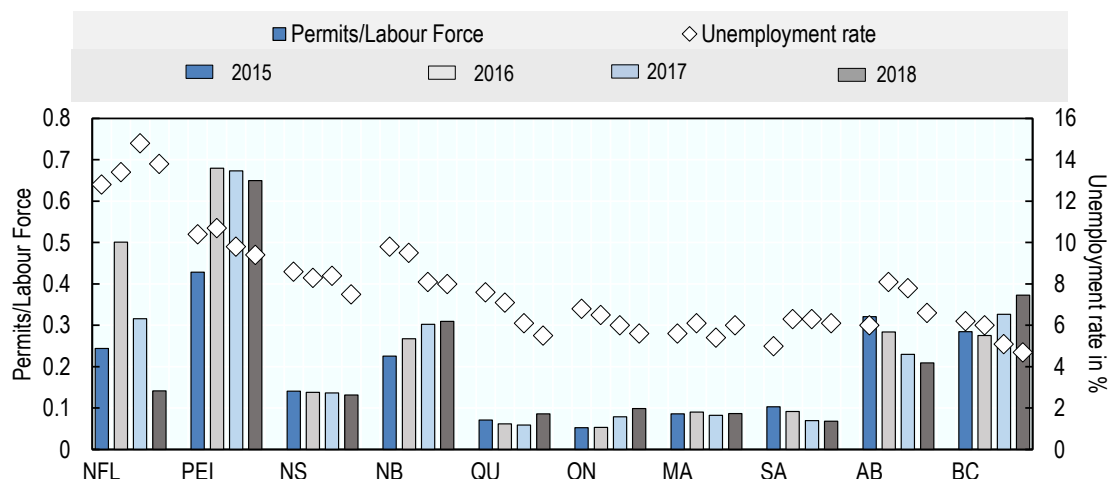
Note: Data excludes permits to Agricultural workers and Live-In Caregivers.

Source: OECD Secretariat calculations based on data from IRCC and Statistics Canada.

One would expect the numbers of labour market-tested temporary work permits to change with labour market needs. Not considering the years 2014/2015, which were outliers due to the programme tightening, one indeed observes that periods of growing unemployment tended to be associated with lower intakes, and vice versa (Figure 3.16).

Across Canada, the number of labour market-tested temporary foreign worker permits issued outside of agricultural and live-in Caregiver programmes corresponds to just 0.14% of the labour force on average between 2015-18. This share varies from 0.6% in Prince Edward Island to 0.07% in Ontario. In the four years since the overhaul of the programme, the share increased in New Brunswick, Quebec, Ontario and British Columbia, and declined in Saskatchewan and Alberta (Figure 3.17).³³

Figure 3.17. Labour market tested work permit holders as share of labour force (LF) and unemployment rates, by region 2015-18



Note: Data excludes Live-in Caregiver Program and Agricultural Streams. In total for about 15% of work permits issued under the TFW Program the intended province/territory was not stated.
Source: OECD Secretariat calculations based on data from IRCC.

The evolution in regional unemployment rates in recent years shows a negative correlation between unemployment and the number in labour market tested temporary worker permits relative to the labour force in the following year. In other words, unemployment in a region correlates with a decline in TFW Program permits issued the following year. The correlation at the regional level is not necessarily stronger than that observed at the national level and the conclusions that can be drawn from this correlation are limited. The overall share of LMIA-tested permits outside of agriculture and foreign caregivers is small in relation to the labour force, and also in relation to the non-labour market tested permits under the IMP. The relatively recent introduction of the changes and missing data on the location of a subset of these permits provides additional limitations. Finally, the occupations temporary workers are targeted for might constitute a specific sub-set of occupations by region and thus relate differently to overall provincial unemployment rates.

Missing information on IMP work permit holders hampers assessment of their labour market impact

Analysis of the labour market impact is even more difficult with respect to the IMP, which accounts for the majority of temporary workers. Key to assessing the labour market impact of temporary workers is information on their occupational profiles. However, intended occupation is only registered for occupation- and/or employer-specific permits and largely missing on open work permits where providing such information became optional in 2012. Hence in 2018, only about 31% of work permits issued to temporary migrants admitted under the IMP contained information on the intended province and occupation. For close to a quarter of IMP permits, the intended province/territory was not stated, up from only 10% of permits

where this was the case in 2015. As noted, there has been a large increase in recent years in the number of work permits issued under the IMP and between 2015-18, this increase was largely driven by permits where very little information is collected (+66%), while the increase in permits with stated intended occupation was more moderate (+12%). Among these where data was available for 2018, 93% were classified as higher skilled – usually requiring at least two years of post-secondary education.

For open work permit holders³⁴, Canada is able to capture data on the province and industry of employment only after several years via linking tax filing data with other databases in the recently introduced Canadian Employer-Employee Dynamic Database (CEEDD). For a large share of open work permit holders of 2015 – the latest year available – the province/territory (40%) and/or industry (42%) is not stated. These are individuals who did not use their work permit to find employment or who tried but did not find employment.

Among those open work permit holders for whom information is available, more than four in five work in Ontario (37%), Alberta (20%) or British Columbia (23%). Among those where the industry of employment is stated, more than half work in a lower-skilled jobs – based on the NOC classification – such as in retail trades and administrative and support services. The largest number of work permit holders (22% among those where information is available) worked in accommodation and food services (NOC 72).

With the limited information on the regional and occupational intentions of these temporary migrants, assessing their labour market impact is challenging and, given the importance of this group and their likely concentration in certain areas and occupations, calls for a closer monitoring in the future. A first step in this direction has been taken with the Canadian 2019 Budget, which commits money for the ongoing collection of labour market information related to open work permits.

Labour market impact of international students is hard to monitor

As international students can work without an additional permit their impact on the labour market is difficult to monitor. Upon graduation they can apply for a post-graduation work permit which is an open work permit. This entails the above discussed limitations on monitoring the timely labour market impact of international graduates despite the strong increase of international students in recent years.

Estimates suggest that in 2016, international students contributed over CAD 5.5 billion to the Canadian economy (IRCC, 2018^[8]). This is about 0.7% of GDP in 2016, or the equivalent of 14.5% of the country's service exports (Roslyn Kunin and Associates, 2017^[16]). While sizeable, this is somewhat lower than the estimates for New Zealand, about 2% of GDP (Infometrics, 2016^[17]), and Australia about 1% of GDP (Australian Government, 2015^[18]).

Intended occupations by region overlap among labour market tested and non-tested streams

Across Canada, about 51% of TFW Program permit holders predominantly work in agriculture, and a further 11% in the caregiving sector.³⁵ The remaining share is dispersed across a broad range of other occupations, predominantly lower-skilled.

For IMP work permits, the picture is less clear-cut, as the information on intended occupation is not available for more than two-thirds of all permits – notably in the case of open work permits. Among the remainder, more than 90% are higher-skilled. In other words, the limited information at the federal level suggests that the two programmes target rather different occupational profiles.

As mentioned, information on the province is missing in many cases. For the permits with available information, it seems – in contrast to the observation at the federal level – that both programmes are sometimes used for catering similar occupational needs within provinces. For example, over the 2015-18 period, 2890 permits under the IMP and 3095 permits under the TFW Program were issued to individuals intending to work in British Columbia as a graphic designer and illustrator (NOC 5241). Similarly, 190 permits under the TFW Program and 195 under the IMP were issued to individuals intending to work as cooks in Nova Scotia. Likewise, 185 permits were issued to transport truck drivers in Manitoba under the TFW Program and 635 for the same intended occupation and province under the IMP.

Transition*Onshore transition has increased substantially in Canada*

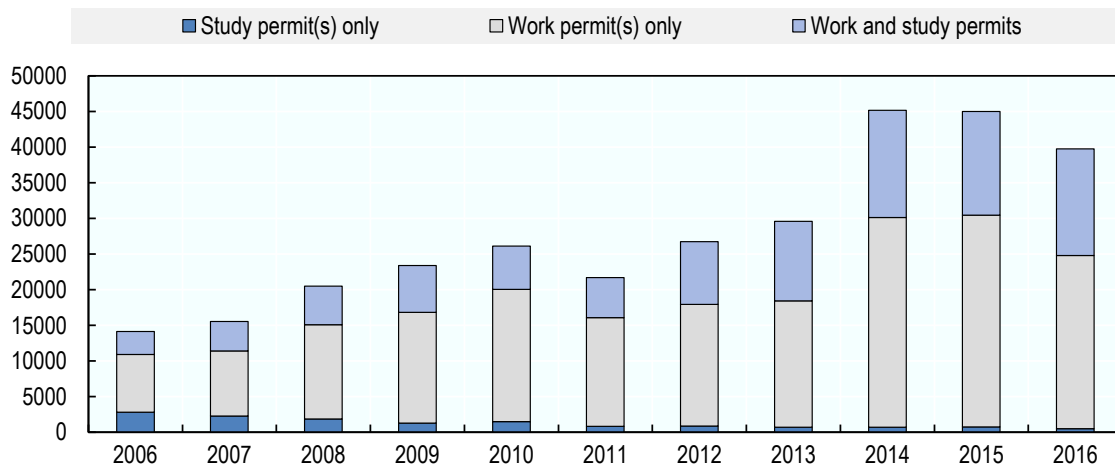
Historically, Canada – like the other settlement countries (Australia, New Zealand and the United States) – have drawn a firm distinction between temporary and permanent migrants, with most immigrants arriving in the past receiving permanent residence on arrival and rather few migrants transitioning onshore from temporary to permanent status. By contrast, in European OECD countries as well as in Japan and Korea, migrants receive the right to permanent residence typically after completing a number of years in the country on temporary visas, with transition being in many cases the standard and expected procedure.

In Canada, transition has become gradually wider-spread since the early 1980s. The Foreign Domestic Movement Program (the predecessor of the Live-in Caregiver Program) in 1981 established, for the first time, a built-in pathway to permanent residence for temporary workers. Onshore transition accelerated during the second half of the 1990s, when the start of the PNP allowed provinces and territories to nominate candidates for permanent residency in their province. Many of these had previous local work experience or education and indeed, within the PNP, transitions account for a much larger share than among the FSW (74% of all PNP admissions in 2016 compared with 41% in the FSW). Furthermore, the introduction of the Canadian Experience Class (CEC) in 2008 provided a general pathway to permanent residence for migrants with at least one year of skilled work experience.

From 1990 to 2006, only around 23% of all migrants landing as permanent economic immigrants had prior Canadian experience (Hou and Bonikowska, 2016^[19]). These figures have increased since and in 2017, almost 60% of principal applicants in the economic category admitted that year had a previous permit under the TFW Program or the IMP.³⁶ Linked data on newly-admitted permanent labour migrants show that the majority had only a prior work permit, and direct transitions of graduates – i.e. without additional work experience – are rare (Figure 3.18).

Figure 3.18. Admissions of permanent labour migrants (principal applicants in economic classes) by previous permits, 2006-16

Total numbers by type of previous permit (left) and share among all labour immigrants in data (right)

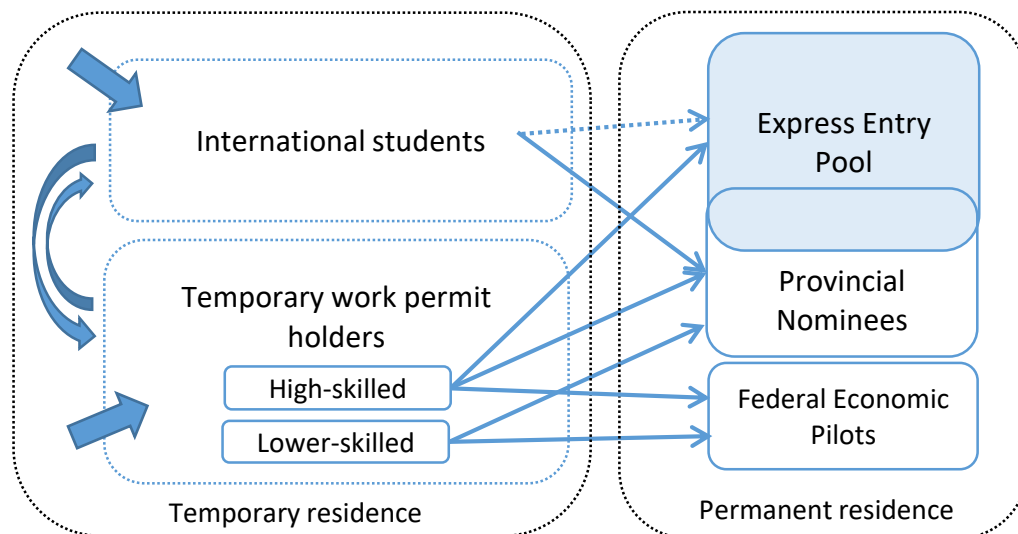


Note: Total numbers include principal applicants in the economic classes. Data includes only those immigrants filing income tax in their year of landing.

Source: Statistics Canada. IMDB 2016.

Various pathways to onshore transition exist

Figure 3.19. Transition paths for temporary workers to permanent residence through economic programmes

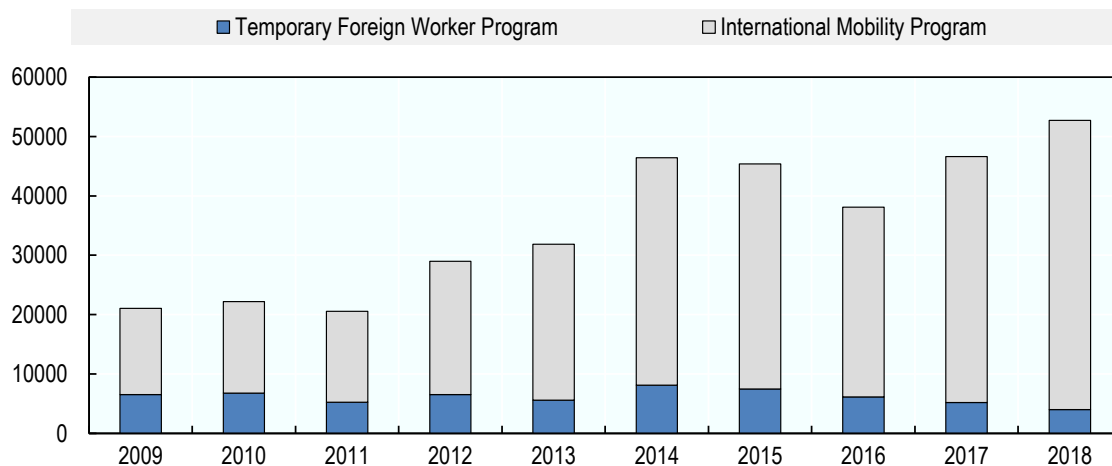


Note: After graduation, international students can obtain a post-graduation work permit. These are generally part of the high-skilled temporary work permit holders. Federal Economic Pilots include the Atlantic Immigration Pilot, the Rural and Northern Immigration Pilot, the Agri-Food Immigration Pilot and the two Caregiver Pilots.

Source: OECD Secretariat.

Several pathways for transition to permanent residency exist (Figure 3.19). Not surprisingly, the IMP is the key driver for transitions to permanent migration. In 2018, over 90% of admissions of permanent residents under economic class who had a prior work permit in Canada did so under the IMP. This share continuously increased over the last decade relative to the work permit holders under the TFW Program. In 2018, of the about 53 000 transitions from temporary work permit holders for work purposes to economic migration categories, about 49 000 passed through the IMP (Figure 3.20).

Figure 3.20. Admissions of permanent residents under economic class with prior work permit holder status



Source: OECD Secretariat calculations based on data from IRCC.

Data from 2016 suggests that only about half of transitions came through the post-graduate route. Transitions from the IMP mainly occurred to the PNP (44%), followed by FSW (34%) and Canadian Experience (20%). Among workers under the TFW Program, Canadian Experience (40%) was the main pathway, followed by FSW (26%). Interestingly, provincial nominations were much less common among the temporary foreign worker transitions – they accounted for less than 16% of the total.

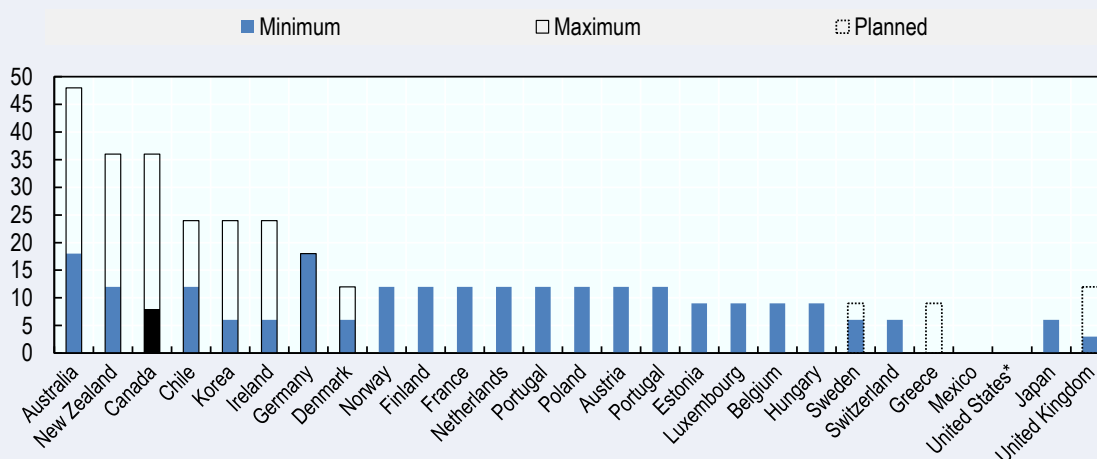
The apparent shift to onshore migration in Canada can be compared to New Zealand in the late 1990s and early 2000s, where the increased transition was caused by additional points for applicants with education and work experience in New Zealand. This is currently also the case under Express Entry, which awards points for Canadian work experience and education (Chapter 2). In Australia, the study-to-residence pathway led the increase in transitions. The country removed a three-year eligibility bar for international students in 1999 and allowed direct onshore student applications in 2002. Within a year of the reforms, over 50% of Australia's economic permanent residence applicants held Australian qualifications (Hawthorne, 2010_[20]). In contrast to Australia, international students in Canada need at least one year of skilled work experience before applying to the federal economic immigration programmes in Express Entry (see Box 3.2).

Box 3.2. Transition of international students in Canada

Under Express Entry, at least one year of skilled relevant work experience is required for pool entry. Therefore, direct transitions from student status to permanent residency without prior skilled work experience – at least one year within the last ten years for the Federal Skilled Workers and one year of Canadian Experience within the last three years for the CEC – under Express Entry are not

possible. However, some provinces have specific streams for international students, and specific programmes such as the Atlantic Immigration Pilot have dedicated graduate streams. In addition, Canada has a relatively generous post-graduation search and work permit scheme for international students (Figure 3.21).

Figure 3.21. Duration of post-graduation job search periods in months, 2018



Source: OECD Secretariat.

International students who completed at least eight months of study in Canada, have six months to apply for a Post-Graduation Work Permit once they obtained their notice of graduation. At the time of application they are not required to have a Canadian job offer and while awaiting the decision of their permit, they can stay and work. The post-graduation work permit is an open work permit allowing former graduates to work for any job and employer and is valid for up to three years. The duration of the permit is linked with the duration of studies in Canada.

A survey by the Canadian Bureau for International Education showed that 60% of all international students plan to stay permanently in Canada, an increase from 51% who intended to do so prior to the recent reforms which valued Canadian studies (CBIE, 2018^[14]). In 2018, there were more than 46 000 initial work permits issued to individuals under the post-graduation work permit stream, a number that has increased five-fold since 2014. Between 2016-18 this number increased slightly stronger than the number of initial study permits over the same period (53% versus 46%). Overall, 12% of permanent immigrants in economic classes in 2018 – almost 23 000 individuals – previously held a PGWP, up from just 5% in 2015 (IRCC, 2019^[21]). An estimation of student stay rates suggests that about six in ten international graduates stay in Canada upon graduation.³⁷ This is a much higher share than observed in other OECD countries, however it is not clear how many finally transition to permanent residency (OECD, 2019^[22]).

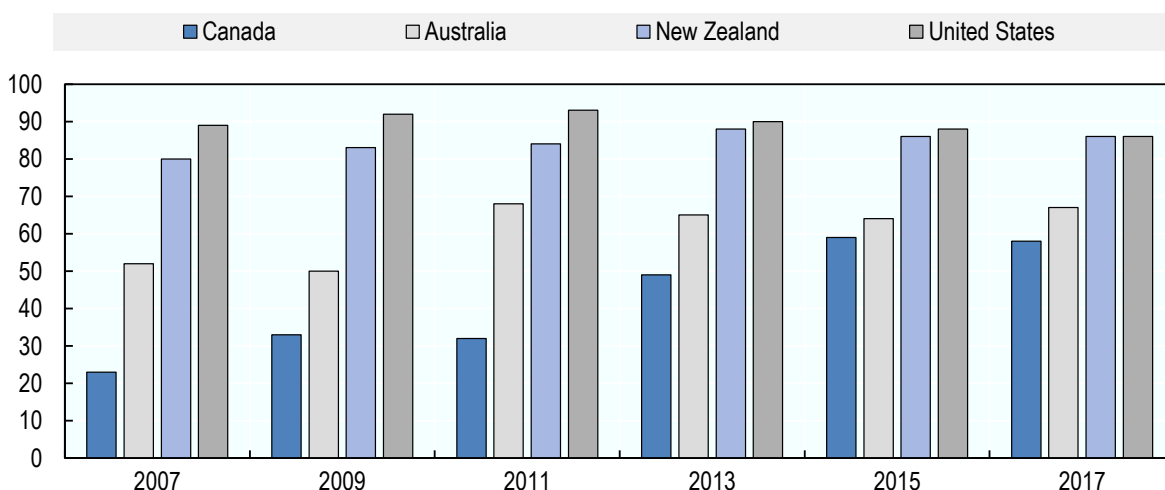
In 2018, 25% of applicants to permanent residency under EE claimed bonus points for education in Canada (around 23 000 individuals), a strong decline from 45% who did so in 2017 (31 000) (IRCC, 2019^[23]).

Onshore transition levels remain lower than in other settlement countries

All Settlement countries accept large numbers of permanent labour migrants through two-step migration pathways. Such onshore transitions quickly became the norm for skilled migrants in New Zealand, where onshore proportion of skilled principal applicants reached over 80% in the 2000s. A similar but less pronounced trend occurred in Australia, where over two-thirds of principal applicants transitioned onshore in the year 2015/16. In the United States, where the bulk of permanent immigration is through family streams labour migration accounts for only about 5% of permanent residents permits. Among these labour immigrants, in many years close to and over 90% were onshore transitions a share that remained broadly unchanged over the last decade.

Data on transitions to economic classes in Canada shows that about 55% of those principal applicants admitted in 2018 held a previous work permit. This is below the shares observed in the other settlement countries, although the growth over time has been more pronounced in Canada than elsewhere (Figure 3.22).

Figure 3.22. Onshore transitions to permanent residence (%), 2007-17



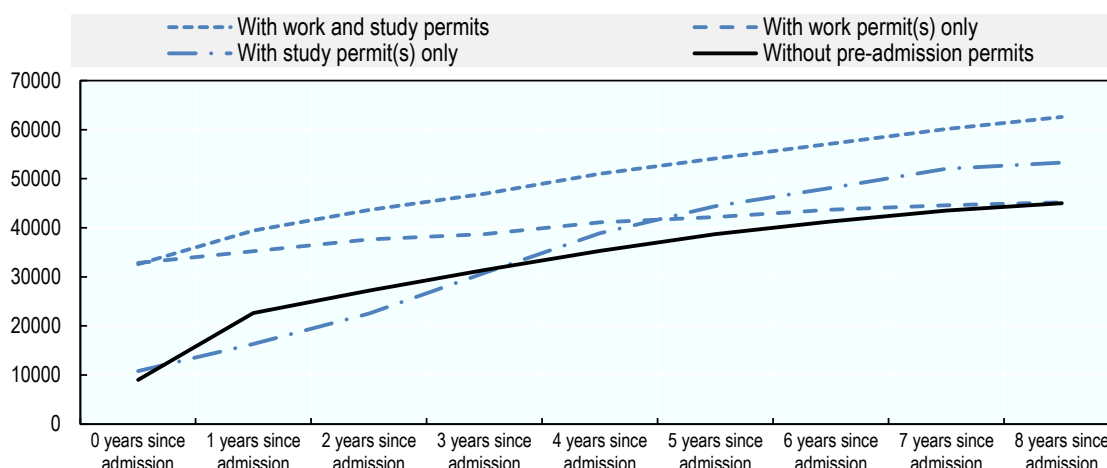
Note: All four countries include only principal applicants to economic classes and exclude spouses and dependants. Shares in New Zealand, Australia and the United States denote onshore transitions whereas the shares in Canada are based on number of individuals who held a previous permit (TFW Program/IMP) before their permanent admission in Canada.

Source: OECD Secretariat calculations based on data from MBIE (annual migration trends reports), DIBP, USDHS (Employment-based preferences) and Statistics Canada.

Immigrants with Canadian pre-admission experience have higher earnings than their peers selected from abroad

Figure 3.23 presents the median annual income of principal labour migrants by pre-admission permits in Canada, for the cohort admitted in 2008 by years since landing. Trajectories for other admission years are very similar.

Figure 3.23. Median annual income in CAD by pre-admission experience, cohort of 2008



Source: Statistics Canada. Table 43-10-0010-01 Immigrant Income by admission year and immigrant admission category.

Two observations stand out. The first key observation is that, for the first four to five years after landing, labour immigrants with previous work permits outperform those without such permits. However, about eight years after landing, labour immigrants without pre-admission experience have caught up to those with work – but no study – experience in Canada. This is consistent with earlier findings that immigrants with pre-immigration Canadian skilled work experience had a large earnings advantage over immigrants who were selected from abroad³⁸ (Hou and Bonikowska, 2016_[19]). The authors find that only one-quarter of the earnings advantage was attributable to the level of education, language knowledge and origin country. Hou and Bonikowska (2016_[19]) suggest that the earnings advantage might be related to pre-immigration labour market selection. This could happen in at least two ways. First, employers could be better placed than the objective criteria used by the immigration authorities to judge the value of an individual's skills in the context of the current labour market. To some extent, the bonus points awarded to Express Entry candidates who have a job offer can be understood as a reflection of employers' more astute judgment in this area. Second, the prior work history could also provide for some selection, as unsuccessful temporary workers may be less likely to get enough skilled work experience for transition. Interestingly, the earnings advantage of Canadian work experience fades out over time. This is not the case for Canadian education. Indeed, the second key observation from Figure 3.23 is that immigrants with Canadian education have the steepest earnings growth. However, even after ten years, they still lag somewhat behind those who also have pre-landing work experience in addition.

Conclusion

The changes to the temporary foreign worker programmes over the past five years have established two broad pathways for temporary labour migration. While one is

labour-market-tested and rather tightly restricted with caps and transition plans, the other admits a large and growing number of individuals for broader economic, cultural and other benefits – not directly linked to labour market needs. Around two-thirds of the latter group hold open work permits rendering a timely assessment of the labour market impact difficult. However, Canada has made first commitments to increase the monitoring of the latter group under the 2019 Budget and it is important to continue along these lines.

More generally speaking, the current system encourages higher-skilled individuals (and their employers) to divert to permanent pathways, whereas transition possibilities to permanent residence for lower-skilled are mainly available via regional programmes.

A key group to take into account in labour market impact analyses going forward are international students. They are not only a strongly growing but also hardly monitored labour force and present a key group of potential future permanent residents.

Notes

¹ Employment and Social Development Canada (ESDC) and Quebec's Ministère de l'Immigration, de la Diversité et de l'Inclusion (MIDI) are implementing simplified processing requirements for select occupations that are updated annually by the province. In recognition of the fact that the provincial government (Emploi Québec in collaboration with MIDI) has already determined that there is insufficient labour supply for these occupations in Quebec, employers seeking to hire TFWs in these occupations do not have to demonstrate proof of recruitment efforts in advance of applying to the TFW Program for foreign workers in the province.

² Reference to these work opportunities are listed under R186 of the Immigration and Refugee Protection Regulations (IRPR). These specific professions include athletes and coaches; aviation accident or incident investigators; civil aviation inspectors; clergies; convention organisers; crew members; emergency service providers; examiners and evaluators; expert witnesses or investigators; family members of foreign representatives; foreign government officials or representatives; health care trainees; judges, referees or similar officials; military personnel; news reporters and film and media crew; producers or staff members working on advertisements; performing artists; and public speakers.

³ There are cases where the open work permit can be restricted by occupation or by location. For example, Bridging Open Work Permit applicants who have a permanent residence application under the Provincial Nominee Program may receive an open work permit restricted by location/province.

⁴ In addition, the foreign worker, the transferring and receiving employers, as well as an agent of the foreign worker's government must all agree to the change of employment.

⁵ This number includes both initial permits and renewals. Depending on the programme, the duration of a work permit can vary from a few weeks to several years.

⁶ This number includes only initial study permits (no extensions) and excludes permits to attend primary and secondary schools.

⁷ When a study permit holder decides not to renew the study permit but obtains a work permit before the existing study permit expires, there is a period when the permit holder holds two permits of a different type. For reporting purposes, neither permit is omitted during the period of time when the two permits overlap. Instead, both are reported in different tables according to the type of permits held. IRCC data from end-2013 suggest that this applied to approximately 10% of work and study permit holders.

⁸ A valid study permit with a specified condition allows full-time international students enrolled at a designated learning institution to work on and off campus part-time during academic season and full time during academic breaks.

⁹ Starting in April 2013, and in the following year ESDC introduced major changes and some additional reforms took place in 2016 and 2017.

¹⁰ The cap only applies to employers who employ more than 10 persons. Employers in seasonal industries hiring TFWs in seasonal positions that are no more than 180 calendar days in length are exempt from this cap. In addition, caregiving positions in private households and in health care facilities, on-farm primary agricultural positions, as well as certain short duration positions of 120 calendar days or less in duration (e.g. carnival or fair operators) are exempted from the cap. Likewise, positions on a Labour Market Impact Assessment to be submitted to support a temporary foreign worker's permanent residence application under Express Entry are exempted from the cap.

¹¹ These occupations include: cashier, store shelf stockers, clerks and order fillers; food counter attendants, kitchen helpers and related support occupations; security guards and related security service occupations, light duty cleaners, specialised cleaners; janitors, caretakers and building superintendents; support occupations in accommodation, travel and facilities set-up services; construction trades helpers and labourers; and landscaping and grounds maintenance labourers.

¹² As of June 2019, foreign caregivers seeking work permits are subject to new rules. Ministerial Instructions were issued on June 18, 2019 to stop processing certain caregiver Labour Market Impact Assessment (LMIA)-required work permit applications for outside-of-Canada applicants intending to work in caregiving occupations under the Temporary Foreign Worker (TFW) Program.

¹³ On 13 December 2016, the four-year cumulative duration rule (“four-in, four-out” rule), which banned certain migrant workers from working in Canada for four years after they had spent four years working there, was abolished. This rule had been implemented in 2011.

¹⁴ For instance, work permits issued under the IMP in Ontario in 2007 accounted for 37% of all 83 000 permits issued in that year while in 2016, they accounted for 70% of the close to 100 000 permits issued. A similar trend – strong decline among TFW Program permits and simultaneous strong increase of IMP work permits –holds for Alberta.

¹⁵ The TFW Program has a 10-day “priority” LMIA processing for applications other than the Global Talent Stream. This includes: 1) highly paid occupations that offer wages within the top 10% of wages earned by Canadians in the province-territory where the work is taking place; 2) the job offer has a length of 120 calendar days or less and the wage is at or above the provincial/territorial median hourly wage in the province/territory where the work will take place; 3) the LMIA is requested for high-demand skilled trades occupations and the wage is at or above the provincial/territorial median hourly wage in the province/territory where the work will take place; 4) LMIA applications supporting permanent residence under any Express-Entry-eligible programmes.

¹⁶ NOC refers to Canada’s National Occupation Classification, Canada’s official job classification system. It includes more than 30 000 occupational titles into 500 Unit Groups, organised according to skill levels and skill types.

¹⁷ Other LMIA-required workers (outside of the Global Talent Stream) such as High Wage Stream can also receive two-week priority processing of the employer’s LMIA application if they are NOC 0 and A.

¹⁸ In such a case, the foreign national is sent a notification letter stating their permit will be revoked in 90 days and their temporary resident status and work authorisation continues until the date stated in the letter.

¹⁹ For migrant workers to be eligible, they must be in Canada and either hold a valid employer-specific work permit or be authorised to work without a work permit under implied status as a result of ongoing renewal of their employer-specific work permit.

²⁰ A number of exemptions to the fee exist, such as for agricultural workers and certain caregivers in private households as listed in 315.2 of the Immigration and Refugee Protection Regulations (IRPR).

²¹ Due to the exclusion of private households and some other employers, the list is not complete.

²² Reviews of the LMBP are conducted separately and distinct from measures to ensure compliance of employers with these general requirements.

²³ The LCP replaced the Foreign Domestic Movement Program, initiated in 1981. This programme had essentially the same terms as the LCP, by providing migrant domestic workers with access to Canadian permanent residence after they completed a twenty-four month live-in work requirement.

²⁴ The 2014 caregiver pilots are no longer open to new applications but submitted applications are still being processed.

²⁵ 93% of those filing first income tax in 2006, 94% in 2016.

²⁶ Until 2014, a specific permit for Off-Campus Work for enrolled international students existed. Since June 2014, international students are generally allowed to work on and off campus without an additional permit, explaining the slight decrease in IMP permits from 2014 to 2015.

²⁷ For the Working Holiday programme, these countries include Australia, New Zealand, the United States, as well as a number of European countries (Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom). In addition, Chile, Costa Rica, Hong Kong, Japan, Korea and Chinese Taipei participate in the programme. Mobility agreements with Mexico and the Ukraine are currently under review.

²⁸ For applicants from the Netherlands, Korea, Sweden and the United Kingdom, the age limit at application is 30 years.

²⁹ All countries having more than 100 000 international tertiary students enrolled in full-degree programmes.

³⁰ This number includes permits issued to individuals for: CAAT, CEGEP or other post-secondary course lasting a year or more (including pre-university and technical), Colleges (applied degree, certificate and diploma), English/French as Second Language (ESL/FSL), English/French as Second Language (ESL/FSL) and College, English/French as Second Language (ESL/FSL) and University, PTC/TCST/DVS/AVS, Trade Schools, University (Bachelor's, Master's, Doctorate and others) as well as a number of other or unspecified study permits. It excludes permits issued for primary and secondary school attendance.

³¹ Only applications received electronically are eligible for SDS processing. All paper applications are processed under the regular study permit application stream and are subject to the associated processing times. Foreign nationals eligible for SDS processing are still subject to all other eligibility and admissibility requirements.

³² Within this factor, in particular the public expenditure on family benefits and the tax structure that disincentives a second earners to enter employment decrease Canada's score. However, both of these issues are beyond the remit of migration policy.

³³ For about 15% of permits issued under the TFW Program between 2015 and 2018, the intended destination was not available.

³⁴ As discussed previously, the largest groups of open work permit holders are former international students with a post-graduation work permit (PGWP), most participants of International Experience Canada (IEC) and spouses of skilled workers and international students.

³⁵ TFW Program holders with permits issued between 2015 and 2018. Shares are based only on permits where this information is available. For about 14% of the TFW Program permit issued between 2015-18 the information on intended destination and occupation is missing. These shares are based on including for agriculture the NOC 0821, 0822, 8252, 8255, 8431, 8432 and 8611 and for caregivers NOC 4411, 4412, 3012, 3233 and 3413.

³⁶ These data refer to the number of admissions of persons with previous IMP or TFW permits, divided by the number of admitted principal applicants in the economic classes.

³⁷ This estimation is based on the number of initial post-graduation work permits issued in 2016 as well as on the number of admitted permanent residents under the family class in 2016 who previously held a study permit, as a share of the total number of international graduates in 2016.

³⁸ The study used data on arrival cohorts from 1990-2006. A positive impact was found regardless of whether the year of immigration or the year of first arrival were taken as starting point.

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Chapter 4. Provincial migration management

Co-operation between the federal and provincial/territorial (PT) governments in migration management is a particular feature of the Canadian immigration system and attributable to Canada's federal governance. This chapter first briefly describes the responsibilities of the federal and PT governments, including the Quebec programmes, and their evolution over time. The chapter then compares the profiles of federally and provincially selected immigrants as well as their labour market outcomes, before analysing the inter-provincial mobility of provincially and federally selected immigrants. A final section analyses the settlement patterns of provincially selected immigrants within provinces and territories.

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.

A key question of labour migration management is how to attract migrants into the areas where their skills are in demand. In particular, permanent economic migrants tend to agglomerate more strongly than the native-born in metropolitan areas. At the same time, the scale and structure of labour market needs differ greatly across Canada.

For over twenty years, Canada has aimed to address these key challenges by an increasingly shared management of economic migrant selection between the federal and the provincial/regional governments. In 2018, roughly half of all permanent economic immigrants were selected by provincial governments. Some of these passed through the points-based federal selection system (Chapter 2).

Once selected, permanent labour migrants enjoy the same freedom of mobility as Canadian-born. A key concern is thus how successful provinces and territories are in retaining labour migrants, and the characteristics of movers compared with stayers. Finally, given the relative independence of provinces and territories in designing their migration programmes, the question to which degree PT-selection and federal selection complement or substitute each other is a crucial one.

The interaction between the federal and the provincial governments in selecting labour migrants

The Constitution Act (1867) established shared responsibility for immigration between the federal and the provincial and territorial (PT) governments. In practice however, prior to the 1990s, the federal government exclusively designed and implemented immigration policy. In the last twenty years, the role of PTs in immigration policy increased steadily and according to the rolling multi-year immigration levels plan 2019-21, provincial governments will select over half of the permanent economic immigrants expected to land in Canada (under the Provincial Nominee Program and those selected by Quebec).

The selection of permanent economic immigrants in Canada is a two-tiered system. Immigrants destined to Canadian PTs are selected either through federal immigration programmes run by Immigration, Refugees and Citizenship Canada (IRCC) or through provincial immigration programmes. The only exceptions are Nunavut, which does not have a territorial immigration programme, and Quebec. The Quebec provincial government exclusively selects its economic immigrants, and these cannot apply via federal immigration programmes. In contrast to this shared management of permanent immigration, the federal government alone selects the majority of temporary labour immigrants. The regional implications of temporary labour immigration are discussed in Chapter 3.

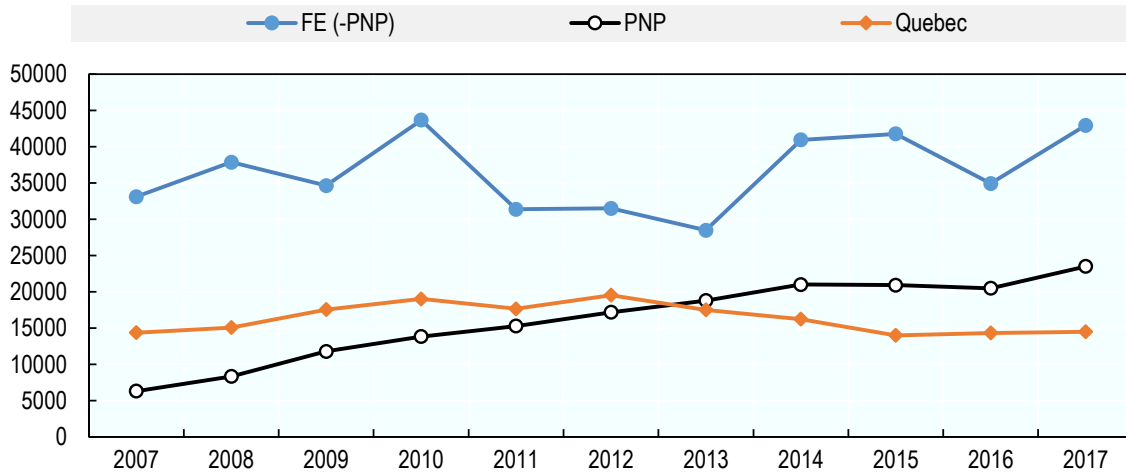
Selecting Economic Immigrants: shared competences between federal and provincial governments

Federal and provincial programmes to select economic immigrants

Canada selects permanent labour immigrants through federal and provincial programmes. In the 2019-21 Immigration levels plan, the target number of PT-

selected permanent economic immigrants in 2020 (labour immigrants and spouses and dependants) is over 100 000 individuals, which is slightly over half of all permanent economic immigrants planned for that year. Around two-thirds of these PT selected immigrants, a target number of 67 800 for 2020, are provincial nominees (PN), the remaining third are selected under Quebec's programmes (IRCC, 2018^[1]).

Figure 4.1. Federally and provincially selected labour immigrants, 2007-17



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

Figure 4.1 presents the number of labour immigrants selected through the PNP, Quebec's programmes and through the federal programmes over time. In 2007, PAs accepted through the PNP represented less than 12% of all permanent labour immigrants, whereas in 2017, this share had more than doubled to 29%. Over the same period, the number of immigrants selected by Quebec remained relatively stable. The share of labour immigrants selected by Quebec represented 21% of all labour immigrants in 2007 and 18% in 2017.

Between 1996 and 2009, all provinces except Nunavut and Quebec negotiated bilateral agreements with the federal government in order to increase their role in selecting permanent labour immigrants. These programmes are referred to as "the Provincial Nominee Program (PNP)", but the PNP is in fact not one programme, but the collection of all programmes or "streams" from bilateral agreements between the federal government and the PTs. The PNP has been successful in distributing permanent labour immigrants outside of the larger provinces relative to federal programmes. In 2017, 34% of economic immigrants were destined outside Ontario, British Columbia and Quebec, compared to just 10% in 1997 (IRCC, 2018^[2]). In fact, in several provinces over 80% of newly-admitted permanent labour migrants are PNs (Table 4.1).

Table 4.1. Provincial Nominees, agreements and PA admissions by province in 2017

	First PNP Agreement	Current Agreement	Admissions 2017	% of total labour immigration
Manitoba	1996	2003	3 900	92.2
Saskatchewan	1998	2005	4 095	87.5
British Columbia	1998	2015	4 535	35.6
New Brunswick*	1999	2017	945	85.1
Newfoundland and Labrador*	1999	2016	225	59.2
Prince Edward Island*	2001	2008	850	91.9
Yukon	2001	2008	85	85
Alberta	2002	2007	3 475	32.4
Nova Scotia*	2002	2007	1 245	80.0
Ontario	2007	2017	4 090	13.7
Northwest Territories	2009	2013	60	63.2

Note: *Provinces take part in Atlantic Immigration Pilot Program, which started in 2017. No agreements are in place between the federal government and the Nunavut territory. Admissions includes only labour immigrants (principal applicants).

Source: IRCC, Permanent Residents, July 31, 2018 Data (RE-18-0424).

Canada initially designed the PNP as a complement to federal programmes, to allow PTs to select individuals given different provincial economic contexts and priorities, including for admission of those who would not have been selected under federal (high-skilled) programmes. This distinction has become less and less evident in recent years, with the growth in CEC and the establishment of the mid-skilled FST attracting similar profiles as the PNP (IRCC, 2017^[3]). In parallel, PNPs are increasingly targeting wider ranges of skills than in the past, including high-skilled professionals and former international students.

The PTs can design their immigration programmes and choose the selection criteria as long as the criteria are consistent with the Immigration and Refugee Protection Act (IRPA), the Immigration and Refugee Protection Regulations (IRPR) and bilateral agreements. Some operate their own points based systems. There are currently more than 60 streams of the PNP with large variation across the different PTs. For instance, Ontario has a specific programme for trade occupations whereas Saskatchewan has a programme for long-haul truck drivers. PTs assess immigrants' applications and issue a nomination certificate to successful candidates. They are also responsible for monitoring and evaluating their programmes.

The role of the federal government in the PNP is to grant the permanent residence status to the provincial nominees (PN). The PNs must pass an admissibility screening (medical, criminality and security) done by IRCC. Nominees must show that they intend to economically establish and reside in the province of nomination. Successful nominees receive a visa which allows them to land in Canada. The approval rates for PNP are well above 90%.

For the first years of the PNPs operation, the federal government played practically no role in the selection of PNs. In 2009, the federal government imposed annual limits for PNP principal applicants for each province. The limits are determined by

a variety of considerations, including labour market information by provinces/territories to support the size of their PNP allocations, and informed by the historical evolution of the programmes and provincial/territorial government direction for the PNP of each respective province.

In 2012, the predecessor of today's IRCC and provinces agreed to a minimum language standard for lower-skilled (NOC C and D) PNP applicants. PTs were also asked to more clearly gear their programmes towards economic immigrants, and leave family migration to the federal family programmes. Indeed, especially in the early stages, although the PNs are economic immigrants, some streams attributed substantial weight to family connections as these increase the likelihood that PNs remain in the province.

Since the introduction of Express Entry in 2015, PTs that operate a PNP can recruit candidates from the EE pool. Nominated candidates in EE receive a high number of additional points (600 of the maximum 1200), ensuring their timely selection. These “enhanced nominations” via Express Entry complement the “base allocations” which PTs are able to use as they see fit under their PNP criteria and procedures. The difference is that PNs of “enhanced nominations” have to be eligible to the EE-pool, hence fulfill the requirements of one of the federal high-skilled programmes regarding educational attainment, language knowledge and work experience.

As part of the PN agreements, the federal government has committed to priority processing of PN within the economic class of applications for permanent residence. In 2011, IRCC implemented a service standard for all base applications under the PNP, to process 80% of base applications under the PNP within 11 months. The latest IRCC evaluation of the PNP points towards difficulties in meeting this objective. In 2015, it took about 15 months to finalise 80% of applications (IRCC, 2017^[3]). This period has grown further since; it took IRCC 15 months in 2016 and 16 months in 2017 to process 80% of base allocations. While Canada was able to meet the processing standard of enhanced allocations, with 80% processed in less than six months, processing time for these 80% of applications also increased from four months in 2015, to five in 2016 and six in 2017. As application intake is growing faster than PNP levels growth, and processing times increase, the inventory of PNP applications under base allocations is growing. The latest PNP evaluation (IRCC, 2017^[3]) notes that the prioritisation of EE candidates might be one of the causes of this problem.

Quebec programmes

The Canada-Quebec Accord signed in 1991 allows Quebec to exclusively select its economic immigrants. Immigrants destined to Quebec cannot apply to the federal programmes but must apply through the Quebec programmes. Consequently, Quebec is the only province in which two distinct selections of economic immigrants (by the PT and by the federal government) do not coexist. Quebec has five different programmes to select economic migrants. Two programmes target skilled workers: the *Programme régulier des travailleurs qualifiés* (PRTQ) and the

Programme de l'expérience québécoise (PEQ). The three other programmes target investors, entrepreneurs and self-employed persons (MIDI, 2019^[4]).

The Quebec programmes are more similar to the federal programmes than to the PNPs. In fact, the Quebec programmes were created in line with the streams of the federal programmes. Nevertheless, the Quebec government exclusively determines the selection criteria and operates its own point based selection grid. Since September 2018, Quebec also operates its own Expression of Interest system (ARRIMA), which caters the *Programme régulier des travailleurs qualifiés* (Box 4.1).

The Quebec government sets the levels of immigration, which the federal government takes into account when making the levels plan. The targeted intake of economic immigrants selected by Quebec for 2019 is between 21 700 and 24 300.¹

As for the PNP, the Quebec programmes target mainly economic immigrants. With respect to family reunification, the federal government administers the programme and Quebec manages the sponsorship commitments. In the area of humanitarian immigration, Canada is responsible for determining – both in Canada and abroad – whether a person is a refugee. Each year, under the Canada-Quebec Accord, Quebec approves with the Government of Canada on the number of refugees who, once selected, will be admitted into Quebec as government-assisted refugees.

In any case, the federal government has the last word in the admission of immigrants as all immigrants destined to Quebec must pass the admissibility screening (medical, criminality and security) done by IRCC.

Box 4.1. Quebec's Expression of Interest system

Since September 2018, Quebec runs an Expression of Interest system to select applicants for its *Programme régulier des travailleurs qualifiés* (PRTQ) – one of the province's largest permanent immigration programmes for economic migrants which is similar to the Federal Skilled Worker Programme. The introduction of the EoI-system in Quebec intended primarily to better align intake of permanent economic immigrants with the needs of the local economy and labour market, decrease the processing time and improve their integration outcomes.

Interested candidates for the PRTQ are required to file an electronic profile through the portal ARRIMA. EoI candidates above the age of 18 can enter the pool if they meet all entry requirements. The candidate ranking criteria is based on human capital and skill transferability characteristics.

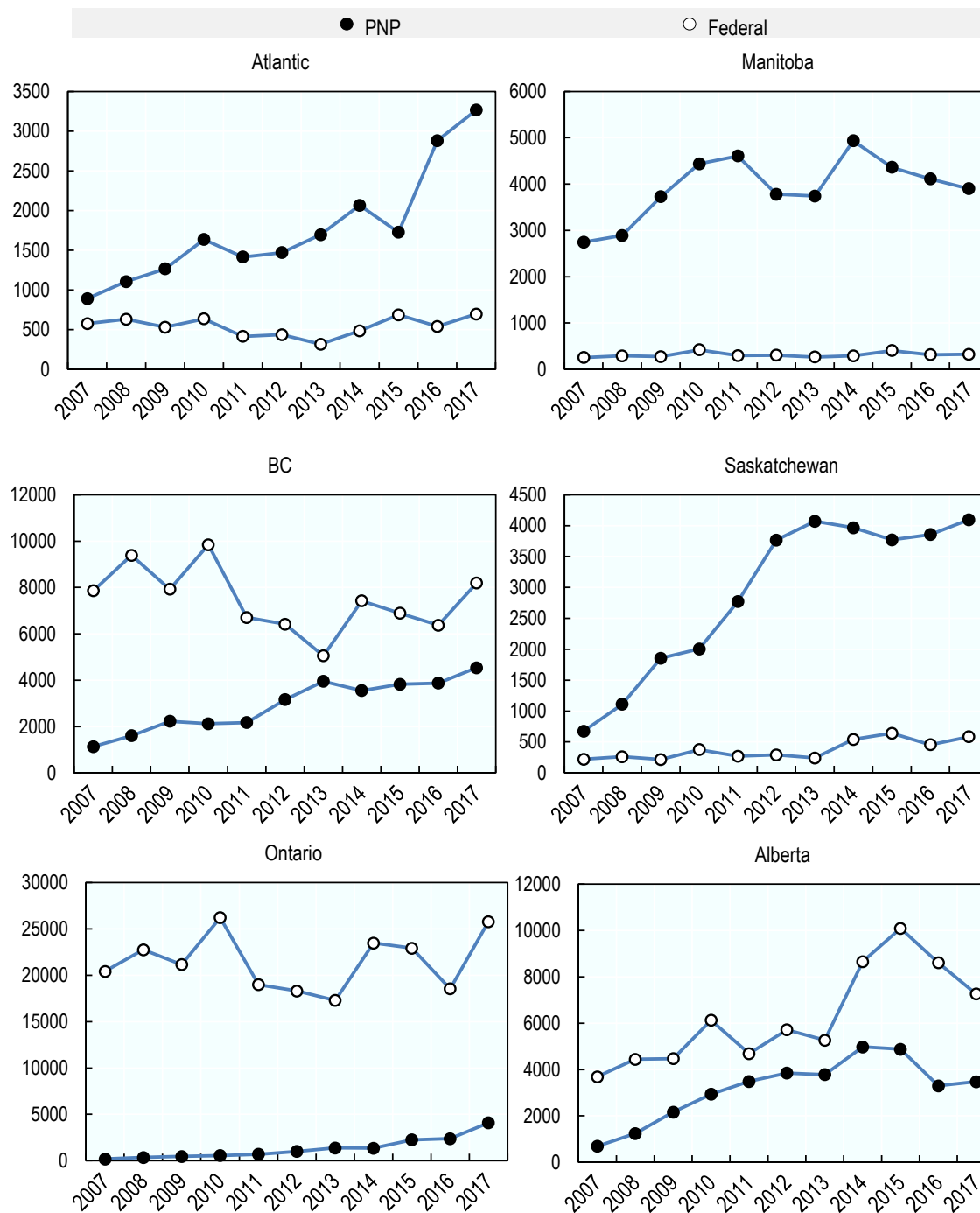
Invitation is based on pool ranking. Quebec may decide to prioritise candidates with certain characteristics, notably those with a valid employment offer or whose profiles meet labour market needs. Pool profiles can be updated and generally expire after one year. Selected immigrants subsequently obtain a Quebec Selection Certificate (CSQ) and are admitted to enter the province, provided they are eligible according to federal rules.

Evolution and relative weight of PNP by province

Figure 4.2 presents the trends by province. The heterogeneity across provinces is striking. In Manitoba, Saskatchewan, and the Atlantic Provinces, the number of labour immigrants nominated by the provinces has increased sharply over the decade 2007-17, and PNPs now constitute the bulk of economic immigrants. In British Columbia and Alberta, the share of PNs has also increased strongly over the period, although most labour immigrants are still federally selected. In Ontario, PNs make up a smaller proportion of labour immigrants due to the large number of federally selected immigrants destined to the province.

These figures show only PAs, who are the labour immigrants selected according to the criteria of each programme. Spouses and dependents (SD) of these immigrants are also accepted as permanent residents into Canada. In most PTs, principal labour applicants represent around 40% of economic immigrants while their spouses and dependants account for the remaining 60% of economic admissions over the 2008 to 2017 period. In this respect, there is little difference between federal and provincial programmes. However, in Ontario and British Columbia, principal applicants under the PNP seem to bring relatively fewer SDs. PNP PAs to these two provinces outnumber their spouses and dependents and account for 53% of economic immigrants admitted. This is in contrast to those landing under federal economic programmes, where the 40:60 ratio observed elsewhere remains.

Figure 4.2. Evolution of federally and provincially selected labour immigrants by province, 2007-17



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

Federal versus provincial programmes: a comparison between Canada and Australia

Canada as a settlement country is often compared to the United States and Australia. Despite all three countries being federal countries, the roles of the federal and regional governments in immigration policy are different. In the United States, immigration policy is the sole responsibility of the federal government; whereas in Canada and Australia the regional governments play a role in selecting immigrants. The interaction between the provincial and federal governments in immigration policy in Canada is nevertheless quite different from the one in Australia.

Australia first introduced regional selection of immigrants in 1996, the same year that Manitoba signed the agreement with the federal government, which led to the first PNP. The Australian State Specific and Regional Migration (SSRM) initiatives are diverse and have similar objectives as the PNP. They are designed to allow regions to "address skill shortages that may exist in their jurisdiction; attract overseas business people to establish new or joint ventures in their regions; [and to] encourage a more balanced settlement of Australia's skilled migrant intake" (Australian Government - Department of Home Affairs, 2019^[5]).

In Australia, state and territory governments can also nominate intending migrants under the state/territory nomination (STN) scheme for permanent (190) or temporary (489) visas. STN visas are points-tested and applicants get additional five points for a nomination under the permanent and ten for a nomination under the temporary visa. Applications are made via the Expression of Interest system (OECD, 2018^[6]). As mentioned in Chapter 2, in contrast to Canada's Express Entry, the Australian Expression of Interest system (SkillSelect) operates with occupation lists and caps. It first allocates available places to Skilled Independent visas (subclass 189) and the remaining to Skilled Regional (Provisional) visas (subclass 489). If all places are taken up by subclass 189 visas, then there will be no invitations issued for subclass 489 visas in these occupations. In contrast, in Canada, the Expression of Interest System that manages a share of provincial nominees (Chapter 2), ensures the timely selection of PT nominated applicants, due to a relatively large number (half of all available) points.

Furthermore, Australia has an employer-sponsored category (The Regional Sponsored Migration Scheme, subclass 187) available to employers in regional areas to sponsor workers for permanent residence to fill skilled vacancies in their businesses. The RSMS encourages migration to areas outside the major metropolitan centres and most populated regions (Brisbane, Gold Coast, Newcastle, Sydney, Wollongong and Melbourne).² The demand-driven programme complements the state- and territory-nominated (STN) streams for meeting regional and local skill needs. Employers can identify workers for nominations through their own channels. Until April 2018, employers had access to SkillSelect³ and could choose migrants who had expressed an interest in being sponsored by an employer on a permanent or temporary basis. Once nominated by an employer, applicants do not need to continue under SkillSelect but receive an invitation to apply for a visa.

The RSMS category is thus not points tested, and applicants may be overseas or already in Australia on a temporary visa. Canada also runs a regional employer-driven programme outside of EE, but only for the Atlantic Provinces (Box 4.2).

A key distinction between the two systems is that in Australia, state/territory-nominated permanent immigrants must reside and work in the sponsoring region for at least two years after landing. In Canada, all provincial nominees and Quebec-selected immigrants enjoy free mobility rights as permanent immigrants as soon as they land.

Australia also has a four-year temporary visa (subclass 489) in which immigrants are first temporary workers and then apply for permanent residency when already living in the country. The subclass requires visa holders to live and seek work in a regional or low-growth metropolitan area if they wish to be considered for a pathway to permanent residency.

Furthermore, some Australian regions do not accept applicants under the regional migration streams to their region if they are currently residing in other regions of the country. This has been introduced to counter the risk of these persons returning to their original state/territory of residence after receiving a permanent visa elsewhere. Such provisions do not exist in Canada, however.

Economic immigrants selected by federal and by provincial governments: A comparison

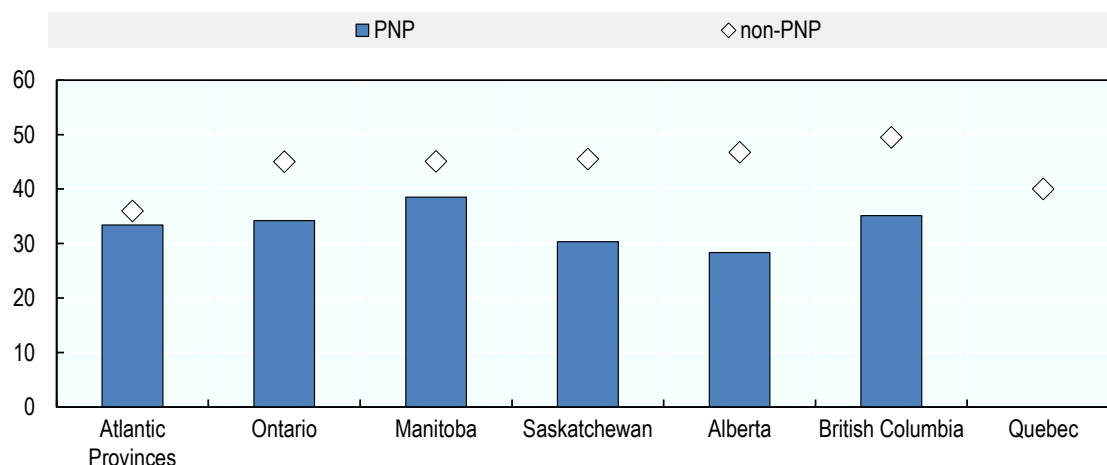
This section compares the characteristics and outcomes of immigrants selected by the federal and the provincial governments. For education, occupation and income, it uses data from the Longitudinal Immigration Database (IMDB), which pools immigrants who first filed taxes in Canada from 2005-15. For other indicators, it uses data provided by IRCC from 2007 to mid-2018. The chapter considers labour immigrants (principal applicants) of the PNP and all federal economic programmes.

A profile of federal and provincial economic immigrants

Apart from the introduction of minimum language criteria and a stronger focus on labour-market links since 2012, the selection criteria of the PNP differ widely across PTs, as do the profiles of PNs across PTs. In addition, the profiles of federally selected immigrants may also differ across PTs, as different PTs attract different types of immigrants – even when submitted under the same selection grid. This section compares socio-demographic characteristics of provincial nominees with those of economic immigrants federally selected who choose to live in the province. This comparison gives an overview of how the federal and provincial programmes interact in terms of selecting immigrants with similar or different characteristics.

Labour immigrants are more likely to be men, in both federal and provincial programmes. However, a larger share of PN-selected labour immigrants are men than among federally selected PAs. In fact, in Saskatchewan, Alberta, and British Columbia, the share of men among provincial PAs is 14 to 18 percentage points higher than among federal PAs (Figure 4.3).

Figure 4.3. Share of women among PNs and non-PNP selected labour immigrants, 2008-18



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

Immigrants who arrive at an early age in the host country have been shown to progress faster in the labour market, and to contribute more to the host country economy. Consequently, age is taken into account in several point systems when selecting economic immigrants. Economic immigrants in Canada arrive at a relatively young age, especially since the introduction of EE which favoured younger applicants (see Chapter 2). In 2017, about half of admissions under EE were younger than 30 years of age. With the exception of Ontario, PNs tend to be above that age-range, especially in the Atlantic Provinces.

Speaking the host country language is another important factor for successful labour market integration. As of 2019, all federal and provincial immigration programmes require a minimum level of English or French. The level depends on the programme. A large majority of the federal and provincial immigrants speak English. With the exception of Quebec, over 80% speak English irrespective of their programme.

The top source countries of federally and provincially selected immigrants destined to the same province are practically the same. Some countries belong to the top five source countries for most provinces: the Philippines, China, the UK, and India. Only the source countries of immigrants to Quebec are different, given the language requirements. Three among the top five source countries are francophone countries.

The main difference between the PNP and the federal programmes is the fact that the PNP allows PTs to select immigrants with different skills than those required by the federal programmes. The difference in skills between federally and provincially selected immigrants, as measured by the educational attainment and by the intended occupation of immigrants, differs across provinces.

Most federally selected immigrants have a university degree (Table 4.2). In fact, among federally selected PAs during the period 2005-15, more than 75% have a

university degree, except in British Columbia where the percentage is 71%. PNs are less likely to have a university degree. The percentage of PNs with a university degree is 25 to 40 percentage points lower than that of federal immigrants who live in the same PT. The smallest difference is in BC, due to the fact that federal-select immigrants in this province are less likely than elsewhere to have a university degree. This difference in university education does not mean that most PNs only have secondary education. In fact, over 25% of PNs in all provinces have a non-university tertiary education. This is also the case in Quebec, where 24% of PAs have a non-university tertiary degree, and a relatively lower share has a university degree (69%).

Table 4.2. Education level of provincially and federally selected labour immigrants (PAs)

		Principal applicants			Spouses and dependants		
		PN	Federal + QC labour immig.	Federal and QC skilled worker programmes	PN	Federal + QC labour immig.	Federal and QC skilled worker programmes
Atlantic Provinces	% univ education	51%	81%	79%	27%	50%	50%
	% tertiary non uni education	34%	14%	8%	33%	26%	17%
Quebec	% univ education	85%	95%	87%	60%	75%	67%
	% tertiary non uni education		69%	70%		45%	47%
Ontario	% univ education		24%	23%		33%	33%
	% tertiary non uni education		93%	94%		78%	80%
Manitoba	% univ education	40%	79%	84%	23%	52%	58%
	% tertiary non uni education	29%	16%	12%	28%	23%	21%
Saskatchewan	% univ education	69%	96%	97%	51%	75%	79%
	% tertiary non uni education	51%	81%	85%	30%	53%	56%
Alberta	% univ education	33%	15%	9%	30%	24%	19%
	% tertiary non uni education	84%	97%	94%	60%	77%	75%
British Columbia	% univ education	48%	84%	88%	31%	61%	60%
	% tertiary non uni education	37%	15%	5%	30%	22%	19%
	% univ education	86%	98%	93%	61%	82%	79%
	% tertiary non uni education	51%	78%	82%	38%	52%	56%
	% univ education	32%	18%	14%	28%	25%	23%
	% tertiary non uni education	83%	96%	96%	66%	76%	79%
	% univ education	58%	71%	84%	39%	42%	55%
	% tertiary non uni education	31%	21%	13%	31%	29%	24%
		89%	92%	97%	69%	71%	80%

Note: “Skilled workers programmes” refers to the federal programmes FSWP and CEC, as well as the Quebec programmes PRTQ and PEQ.

Source: IMDB 2005-15.

Only PAs are selected through the immigration programmes. However, SDs often participate in the labour market. The differences in university graduation of SDs mimic those of PAs rather closely. SDs of PNs are 24 to 30 percentage points less likely to have a university degree than SDs of federally selected PAs, except in Alberta and British Columbia where the difference is smaller. The share of immigrants with a tertiary non-university degree is more similar among federal and provincial SDs than among PAs. In Quebec, the share of SDs with a tertiary non-university degree is again the highest, with 33%.

Federally and provincially selected migrants also intend to work in different occupations (Table 4.3). Over the period 2005-15, over 30% of FSWs in all provinces apart from Manitoba, intended to work in Natural and Applied Sciences, and between 17 to 29% in occupations in Education, law and social, community and government services. In contrast, few PNs intended to work in these occupations. Over one in five PNs in Ontario, Saskatchewan, Alberta and Manitoba intended to work in sales and services occupations, and between 17 and 25% of PNs intended to work in trades, transport and equipment operators and related occupations. While a very small share of FSW intends to work in occupations in manufacturing and utilities, the share among PNs is much higher in all provinces. Perhaps surprisingly given the lower levels of formal qualifications, a relatively large share of PN immigrants to the Atlantic Provinces and Ontario intend to work in management occupations. Immigrants to Quebec are similar to federally selected immigrants in terms of their distribution of skill types, except for a larger share of immigrants intending to work in occupations in manufacturing and utilities.

Table 4.3. Skill type of intended occupations of provincially and federally selected labour immigrants

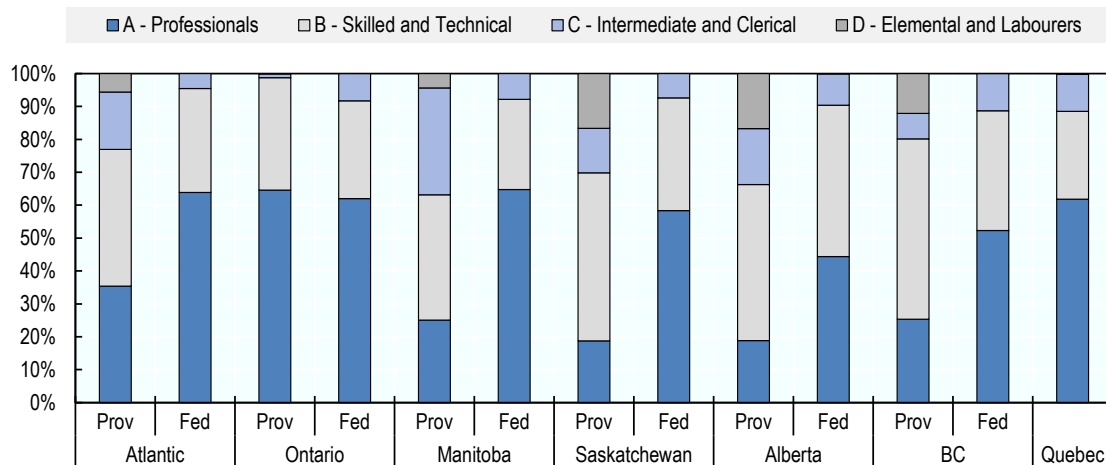
	Atlantic Provinces		Ontario		Manitoba		Saskatchewan		Alberta		BC		Quebec
	FSWP	PNP	FSWP	PNP	FSWP	PNP	FSWP	PNP	FSWP	PNP	FSWP	PNP	PRTQ
0. Management occupations	12%	46%	15%	26%	10%	7%	8%	5%	11%	5%	17%	17%	5%
1. Business, finance and administration occupations	8%	3%	14%	7%	10%	18%	7%	8%	12%	6%	14%	6%	17%
2. Natural and applied sciences and related occupations	34%	11%	33%	11%	23%	13%	31%	9%	34%	15%	28%	14%	28%
3. Health occupations	13%	6%	10%	4%	23%	4%	15%	11%	10%	7%	9%	11%	7%
4. Occupations in education, law and social, community and government services	29%	3%	17%	3%	28%	5%	37%	6%	19%	4%	18%	5%	15%
5. Occupations in art, culture, recreation and sport	0%	1%	3%	0%	0%	1%	0%	1%	2%	1%	4%	2%	4%
6. Sales and service occupations	2%	6%	4%	7%	1%	9%	2%	18%	6%	19%	5%	20%	8%
7. Trades, transport and equipment operators and related occupations	2%	8%	3%	27%	4%	21%	1%	32%	4%	20%	3%	12%	4%
8. Natural resources, agriculture and related production occupations	0%	0%	0%	1%	0%	2%	0%	5%	0%	2%	0%	1%	0%
9. Occupations in manufacturing and utilities	1%	17%	1%	14%	1%	18%	0%	6%	1%	21%	1%	13%	11%

Source: IMDB 2005-15.

Intended occupations in most provinces reflect the differences in education levels. According to the NOC classification, occupations classified as skill level A require a university degree; those classified as skill level B require college education or apprenticeship training; those classified as skill level C require secondary school and/or occupation-specific training; and those classified as skill level D require only on-the-job training. Figure 4.4 provides an overview of intended occupation by NOC type, for those applicants where this data is available, excluding individuals intending to work in management (NOC 0). For all provinces, the share of federally selected immigrants intending to work in an occupation of skill level A or B is close to 90% and higher. The skill level of intended occupations of PNs is as expected more diverse, and varies across provinces. The share of PNs who intend to work in occupations of skill level C and D is 30% and above in Manitoba, Saskatchewan,

and Alberta, but much lower in the other provinces. The share of PNs intending to work in occupations of skill level D is highest in Alberta and Saskatchewan, at close to 17%.

Figure 4.4. Skill level of provincial and federal labour immigrants by province of intended residence, 2008-18



Note: Data for 2018 until July. The graph excludes individuals intending to work in management positions (NOC 0) and individuals for which this data is not available.

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

Considering the principal applicants to the FSW programme and Quebec's PRTQ between 2008 and July 2018, the share of immigrants in Quebec intending to work in NOC B occupations is at 27% very similar to the 26% of federally selected in the other provinces. However, PRTQ immigrants to Quebec are more likely to intend work in intermediate and clerical jobs NOC C (10%) than federally selected (5%) and somewhat less likely to intend to work as professionals (63% and 69%).⁴

In summary, federally and provincially selected immigrants tend to have different characteristics and (intend to) work in different occupations. This suggests that the programmes complement, rather than substitute each other – in spite of some programme convergence.

Labour market outcomes of federal and provincial economic immigrants

One question that arises is whether federally or provincially selected immigrants integrate better in the Canadian labour market. As a first measure of integration in the labour market, Table 4.4 presents the share of immigrants who declare employment income by province of landing (and nomination for PNs) one year, three years and five after landing in Canada. A first observation is that there are large differences in the shares of immigrants who declare employment income across provinces, both for federally and provincially selected immigrants.

Table 4.4. Share of immigrants reporting employment earnings by PT of landing and immigration programme

	PNP			Federally and QC-selected economic		
	years since landing			years since landing		
	1	3	5	1	3	5
Principal applicant						
Atlantic Provinces	73%	66%	61%	78%	76%	75%
Ontario	83%	76%	69%	77%	77%	77%
Manitoba	90%	89%	88%	85%	85%	85%
Saskatchewan	92%	90%	90%	88%	85%	84%
Alberta	96%	94%	93%	90%	88%	88%
British Columbia	90%	86%	82%	75%	73%	71%
Territories	97%	91%	95%	95%	91%	85%
Quebec				73%	78%	80%
Total	89%	86%	84%	77%	78%	78%
Spouses and dependants						
Atlantic Provinces	51%	52%	53%	52%	57%	61%
Ontario	52%	53%	56%	57%	61%	64%
Manitoba	76%	79%	81%	71%	76%	76%
Saskatchewan	80%	81%	85%	74%	78%	75%
Alberta	79%	82%	82%	77%	78%	79%
British Columbia	67%	68%	67%	56%	58%	58%
Territories	95%	94%	92%	91%	80%	93%
Quebec				52%	61%	66%
Total	72%	73%	74%	58%	62%	65%

Note: Data only considers employment earnings, 2005-15.

Source: Longitudinal Immigrant Database (IMDB) 2015. Data request tracking number: RE-18-0424.

Immigrants destined to the Prairie Provinces (Alberta, Saskatchewan and Manitoba) are the most likely to declare income from employment. In these provinces, both provincially and federally selected labour immigrants have employment rates higher than 85% in the first year, although PNs are slightly more likely than federal immigrants to declare income from employment. Federal immigrants destined to the largest receiving provinces, Ontario and BC, as well as immigrants destined to Quebec, are less likely than in the Prairie Provinces to declare income from employment one year after arrival. Nevertheless still approximately three quarters of economic PAs do so. The employment rate of PNs in British Columbia and Ontario is higher than that of federal immigrants.

Federal immigrants destined to the Atlantic Provinces have employment rates comparable to those of Ontario, British Columbia and Quebec. These are the only provinces where PNs have lower employment rates than federal immigrants. However, small numbers of immigrants arrive in these provinces.

Not surprisingly, SDs have lower employment rates than PAs across all provinces and programmes. The patterns found across provinces for PAs are reflected in those of SDs. In Alberta, Manitoba and Saskatchewan, more than 70% of SDs, both

federal and provincial, declare employment income. SDs in Ontario, the Atlantic Provinces, Quebec and British Columbia have much lower likelihood of having employment income.

One of the stated concerns about the PNP has been that the programmes may be focused on the short term labour market needs of the PTs, and may not meet long-term objectives.⁵ The worry is thus that in the longer run, the labour market integration of PNs may not be as successful as that of federal immigrants. Looking at the share of immigrants arriving between 2005-15 reporting employment earnings three and five years after landing suggests that among PNP principal applicants' shares of immigrants who report employment earnings decline while they remain stable or increase among federally and Quebec selected immigrants. Nevertheless, five years after arrival shares of PNP immigrants declaring employment income are still higher than among federally selected immigrants – with the exception of the Atlantic Provinces and Ontario. In the short-to medium-run, there is no evidence of worse outcomes of PNs.

This is consistent with research on earnings, which found that PNP PAs have high earnings in the years after arrival but their income curve is flatter compared to other admission classes such as the FSW and CEC (Pandey and Townsend, 2013^[7]; Warman, Webb and Worswick, 2019^[8]). This is most likely due to the fact that many have pre-arranged employment or other existing networks prior to landing but overall lower human capital endowment than federal high-skilled immigrants.⁶

Considering employment rates is a partial measure of labour market performance. An important issue affecting immigrants in the host country labour market is the mismatch between the immigrants' skills and the skills required for the jobs held by the immigrants. In order to analyse whether this is an issue for provincial relative to federal immigrants, one would need information on the occupations held by immigrants over time by immigration programme. The IMDB is based on tax records matched to landing cards. The data contains information on the intended occupation of the immigrant upon landing, but does not contain information on the actual occupation held over time. Other sources with rich information on the occupation of workers, such as labour force surveys, do not contain information on the immigration programme.

There is nevertheless some evidence on this issue given by a survey from IRCC in the context of the 2017 PNP Evaluation. In this survey, 5 818 PNs who landed in Canada between 2010-15 were interviewed. Most PNs had their first employment in Canada in a high skilled occupation and 77% reported currently working in an occupation that is commensurate with their intended skill level or higher. This is a higher share than the 70% reported in the previous PNP evaluation. Skill mismatch seems to be somewhat a larger problem in Manitoba, where over 40% of survey respondents held a job at the time of the survey that was not commensurate with the skill level of their intended occupation (IRCC, 2017^[3]). Further research should compare the skill mismatch of PNs to the skill mismatch of federally selected immigrants in the same provinces.

Onshore transitions and the question of structural vs. temporary labour needs

Regarding federal selection, several recent changes in the permanent immigration management discussed in Chapter 2 increased two-step (temporary to permanent) migration. Against this backdrop, the role of employers in selecting temporary immigrants, and hence the possibility to make a first selection of permanent residents who immigrate in a two-step migration process, has increased over the past decade.

In recent years, about two-thirds of the PNs held a temporary work or study permit prior to being nominated by a PT. Indeed, nine out of 11 territories have PNP streams that require work experience in the PT of nomination.

Likewise, in 2016, 40% of individuals with previous work permits transitioning into permanent residence under an economic programme were part of the PNP (IRCC, 2017^[9]); i.e. onshore transitions through employment pass disproportionately often through the PNP. One issue that arises when the role of employers in immigrant selection increases is whether the immigrants selected are addressing real long-term labour market needs. The overwhelming majority of individuals transitioning into a PNP were previously part of the International Mobility Program (94%), which does not require a labour market test. In contrast to those transitioning to high-skilled federal immigration classes, it is not clear to what extent those transitioning to the PNP respond to long-term labour shortages especially given the often lower skill levels (see below). In addition, it is not clear to what extent PNP might be a response of PTs to attract labour to their region – outside of employer driven selection – for de facto temporary needs, especially in a context of limited possibilities for managed temporary labour migration and the lack of a regional element therein (see also Chapter 3).

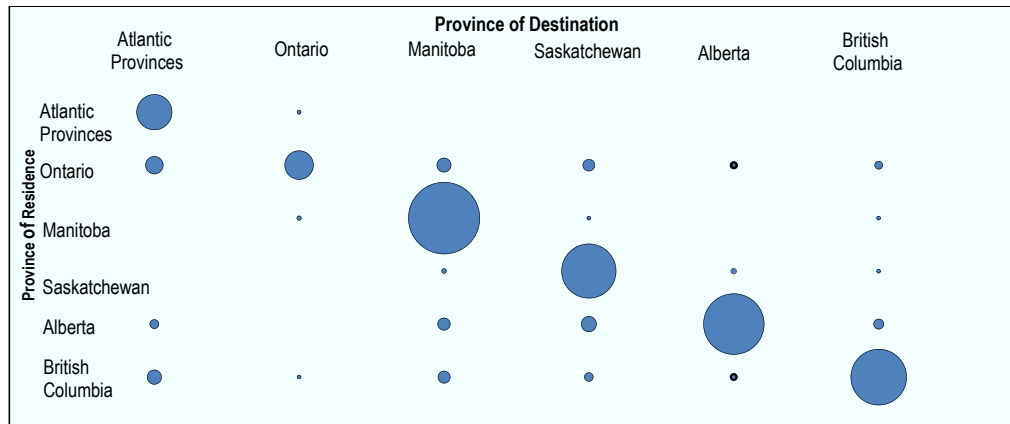
Inter-provincial mobility of labour immigrants

One of the rationales to establish the PNP and its expansion was to attract immigrants to regions in Canada with few federal immigrants in order to distribute the gains from economic immigration. In fact, a measure of success of the programme has been the fact that it attracted immigrants to PTs with little prior immigration. Although PTs select their immigrants, as mentioned these are free to move and live in any PTs as soon as they land. PNs are permanent residents and as such enjoy free mobility in Canada. Consequently, a second measure of success of the PNP is the retention rates of immigrants, that is the share of immigrants destined to a PT who remain living in the PT. This section thus analyses the inter-provincial mobility patterns of labour immigrants and the issues raised by their mobility.

Mobility of provincially selected labour immigrants

Figure 4.5. Mobility matrix for principal applicants under the PNP by province of residence and province of destination

One year after landing, 2005-15 cohort



Note: Numbers below 50 are excluded. Diagonal indicates migrants still living in their original province.

Source: Longitudinal Immigrant Database (IMDB) 2015. Data request tracking number: RE-18-0424.

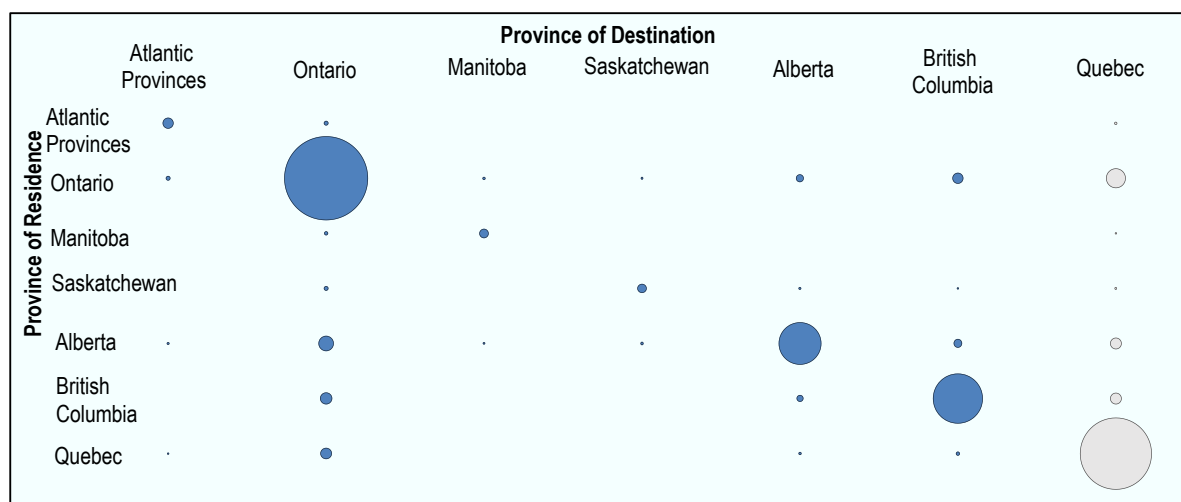
Figure 4.5 depicts a mobility matrix of PNP PAs of the 2005-15 cohorts one year after landing in Canada. The diagonal shows that the vast majority of immigrants live in the province of nomination one year after landing. Some provinces, such as Ontario, Alberta and British Columbia, received PNs destined to other provinces. Other provinces, such as the Atlantic Provinces, Manitoba and Saskatchewan lose PNs to other provinces. In absolute numbers over the ten immigration cohorts considered, Manitoba and Saskatchewan lose a similar number of immigrants, 2 900 and 2 500 respectively, while the Atlantic Provinces over the same period lost over 3 800 PNs – especially those selected to Prince Edward Island. In fact, proportionally to the intake of PNs of each province, 36% of the PNs destined to the Atlantic Provinces live in other provinces one year after landing; while this is the case for only 5% to 15% of immigrants destined to other provinces, and for 18% of those landing in the territories.

Quebec is excluded from the figure given that there is no PNP in Quebec. Nevertheless, the province receives some small numbers of PNs destined to other provinces. In the ten years considered, approximately 290 PAs of the PNP moved to Quebec from other provinces, out of which 120 initially were destined to the Atlantic Provinces.

Mobility of federally and Quebec-selected labour immigrants

Figure 4.6. Mobility matrix for labour migrants selected by the federal government and by Quebec, by province of residence and province of destination

One year after landing, 2005-15 cohort



Note: Numbers below 100 are excluded. Diagonal indicates migrants still living in their original province.

Source: Longitudinal Immigrant Database (IMDB) 2015. Data request tracking number: RE-18-0424.

Figure 4.6 presents a mobility matrix for immigrants selected by the federal government and by Quebec prior to the introduction of EE.⁷ The four provinces that receive the largest numbers of immigrants (Ontario, Quebec, British Columbia and Alberta) are also the provinces that receive more immigrants who were destined to other provinces. Ontario, Alberta and British Columbia are the provinces receiving the largest number of federal immigrants destined to other provinces during this period. However, the number of federally selected immigrants moving to Alberta from other provinces is over a quarter the number of all federally selected immigrants landing in Alberta, whereas immigrants moving to Ontario and British Columbia represent only 8% and 11% of all the federally selected immigrants landing in these provinces.

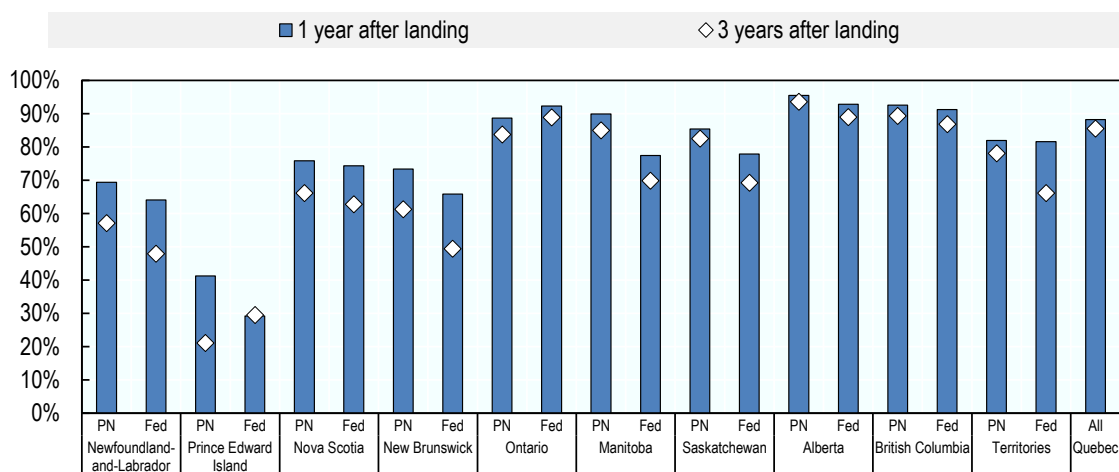
The interprovincial mobility of immigrants (provincial- and federal-selected) are to some extent similar to general interprovincial population movement patterns in Canada (Saunders, 2018^[10]). The largest interprovincial population flows between 2005-15 involve exchanges between Ontario (both in and outflows), Alberta and British Columbia (inflows) and Quebec (outflows). The Atlantic Provinces had interprovincial population outward movements, which offset the population gains from international migration, a pattern also observable for Manitoba. The only two provinces with a large positive interprovincial balance of population movements are Alberta and British Columbia. Ostrovsky, Hou and Picot (2011^[11]) show that immigrants' interprovincial migration response to the economic boom in Alberta

was larger than among natives. While overall population movements seem to broadly match mobility patterns of recent arrivals, the only province which saw net interprovincial overall population outflows between 2005-15 has been negative while at the same time observing net interprovincial gains from mobility of recent-arrived immigrants is Ontario.

Mobility of labour immigrants by years since landing

The previous section analysed mobility patterns one year after landing. However, it may be that with years spent in Canada, inter-provincial mobility increases. Figure 4.7 suggests that this is indeed the case. However, comparing one year and three years after landing for the 2005-15 immigration cohorts, both for federal and provincial immigrants, the difference in the geographic distribution of immigrants three years after landing is not large. With the exception of the Atlantic Provinces, the difference in retention rate one year and three years after landing is less than five percentage points in all provinces for provincial nominees, and lower than five percentage points in the four provinces that receive the highest numbers of federally selected immigrants (Ontario, Quebec, British Columbia and Alberta).

Figure 4.7. Retention rate of principal applicants of the PNP and other labour immigrants



Note: The data covers landing years between 2005-15.

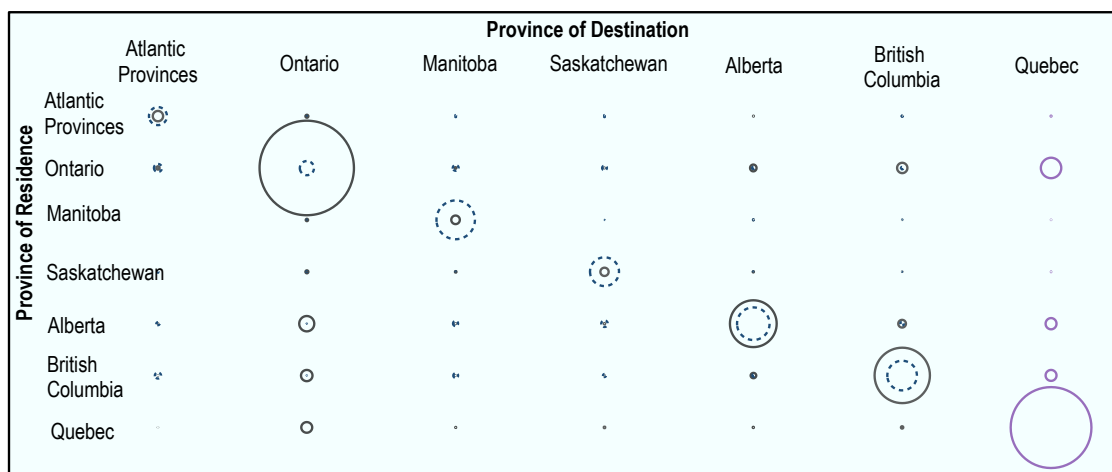
Source: Longitudinal Immigrant Database (IMDB) 2015.

Hence, if immigrants move they are more likely to do so in the first year after landing than in the following two years. In addition, provincially selected immigrants are more likely to reside in their province of landing three years after arrival than those federally selected with the exception of Ontario and Prince Edward Islands.

Figure 4.8 combines the two previously presented mobility matrices and shows moving patterns one year after landing for federally and provincially selected immigrants. This figure gives an overview of the mobility of all economic PAs.

Figure 4.8. Mobility matrix for federally, provincially and Quebec-selected labour migrants

One year after landing, 2005-15 cohort, dashed circles are provincially selected migrants



Note: Not all provinces/territories had PNPs in place in 2005, compare to Table 4.1. Diagonal indicates migrants still living in their original province.

Source: Longitudinal Immigrant Database (IMDB) 2015. Data request tracking number: RE-18-0424.

In absolute numbers, there are more federal immigrants living outside of their province of destination than provincially selected immigrants. This confirms the previous observation that the retention rates are higher for provincial than for federally selected immigrants. It is in line with previous evidence. Pandey and Townsend (2011^[12]) find that “after taking account of provincial economic conditions, the introduction of PNPs did not lead to a decrease in the retention rates for any province. In fact, when comparing the retention rates of immigrants through the federal programmes to those through the PNPs, the retention rates of nominees were higher for Manitoba, Saskatchewan, Alberta, and British Columbia, and similar to those of immigrants admitted through the federal programme in the Atlantic Provinces.” The period considered covers the immigration cohorts until 2005, but the patterns are similar to those of the later cohorts considered here.

Although the comparison between the retention rates of federal and provincial immigrants is interesting, it remains that the issues raised by the mobility of the two types of immigrants are different. Whether federally selected immigrants decide to settle or not in the province of destination, is a zero sum game for the federal government, as long as they remain in Canada. However, if PNs decide to leave the province of nomination, it indicates that the selection of the PT may have been inefficient. The province invested in nominating the immigrant but did not receive the benefit of doing so. This may be particularly problematic if the immigrants who leave are the most qualified and those faring better in the labor market.

In terms of labour market outcomes, leavers and stayers are overall similar. The percentage of immigrants declaring employment income one year after landing is

only slightly higher for PNs residing in their province of nomination. Alternative measures of labour market integration such as the percentage of immigrants declaring employment insurance benefits or social assistance benefits are also very similar. The only exception are the Atlantic Provinces. Immigrants who settle in the nominating provinces are more likely to declare employment income one year (three and five years) after landing than those who settle elsewhere.

PNs are selected based on the criteria of the nominating province. When PNs decide to live outside of the nominating PT, this is not only an issue for the nominating province, but it may also be an issue for the receiving province. In fact, PTs choose PNs to address labour market needs based on defined criteria. The results in the previous section show that the characteristics of PNs are quite different from those of federal immigrants, and differ across PTs.

To put the extent to which receiving PNs from other PTs is an issue for the receiving PTs into perspective one should look at the size of the inflows of PNs; on how the characteristics of these PNs differ from those of the immigrants living in the PT; and on the labour market integration of the PNs in the new destination PT. As seen above, the flows of PNs to PTs other than the nominating PTs represent in some cases a large share of the immigrants destined to the nominating province. This is mostly the case for the Atlantic Provinces. However, PNs moving to other provinces only represent a small share of immigrants in their new destination PTs.

Box 4.2. The Atlantic Immigration Pilot

The Atlantic Immigration Pilot, which is part of Canada's Atlantic Growth Strategy, aims to attract and retain skilled workers to fill long-term labour market needs in the Atlantic Provinces. It is a partnership between the federal government and provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island, launched in January 2017.

The pilot is employer-driven, meaning that employers (businesses and not-for-profit organisations) apply to a province to become designated under the pilot and can then offer jobs to skilled foreign workers and recent international graduates from Atlantic educational institutions. These jobs must be in the province where the designated employer is located. For each job offer, employers must demonstrate they have not been able to fill that job with local talent, but they do not need a formal LMIA. The province where the candidate will work must endorse the job offer. After the endorsement, the candidate can apply for permanent resident status, and if approved can live and work in Canada permanently.

The Atlantic Immigration Pilot has three programmes for hiring workers. A High-Skilled, an Intermediate-Skilled, and an International Graduate Program. Each programme has specific requirements for the employer and the candidate. All candidates must meet language, educational and work experience requirements and have sufficient funds to support themselves and their families when coming to

Canada. The programme offers six-month expedited processing, rather flexible criteria for employers, and significant settlement support for the entire family.

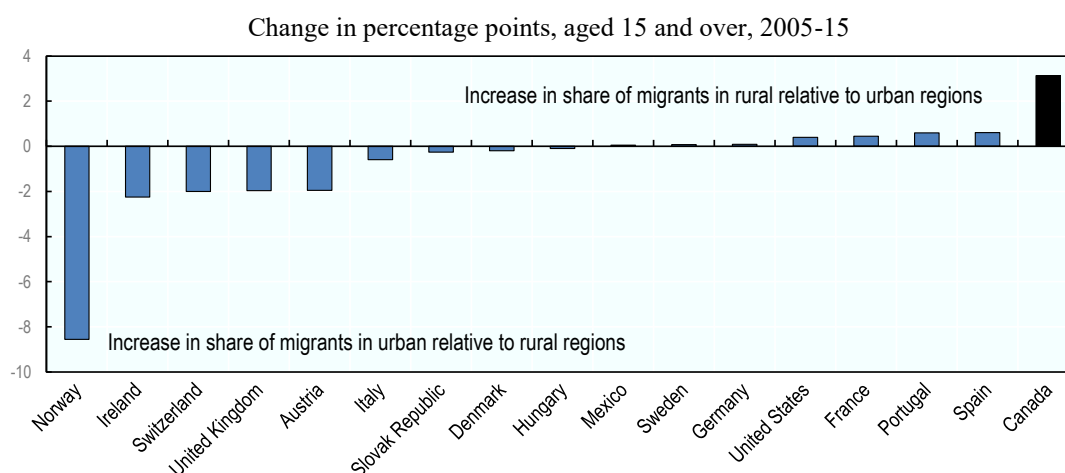
While initial uptake of the Atlantic Immigration Pilot (which began accepting applications in March 2017 was slow), the programme has picked up significantly, with more than 1 400 persons (principal applicants, and spouses and dependents) granted permanent residence under the programme by the end of 2018.

As of December 31, 2018, more than 2 400 graduates and skilled immigrants have received job offers, personalised settlement plans, and endorsement from a province to submit an application to immigrate to Canada. Moreover, over 1 700 employers had been designated to participate in the pilot and over 400 employers use IRCC's dedicated service channel reserved specifically for AIP designated employers.

Settlement of provincially selected immigrants within provinces

Settling immigrants in rural and intermediate regions is a challenge for many OECD countries; s especially so in the case of Canada where population – and especially past immigrant settlement – was heavily concentrated in a few large metropolitan areas. In international comparison, Canada has been successful increasing the share of those living in rural areas (Figure 4.9).

Figure 4.9. How shares of immigrants in rural areas have evolved, relative to change in urban regions



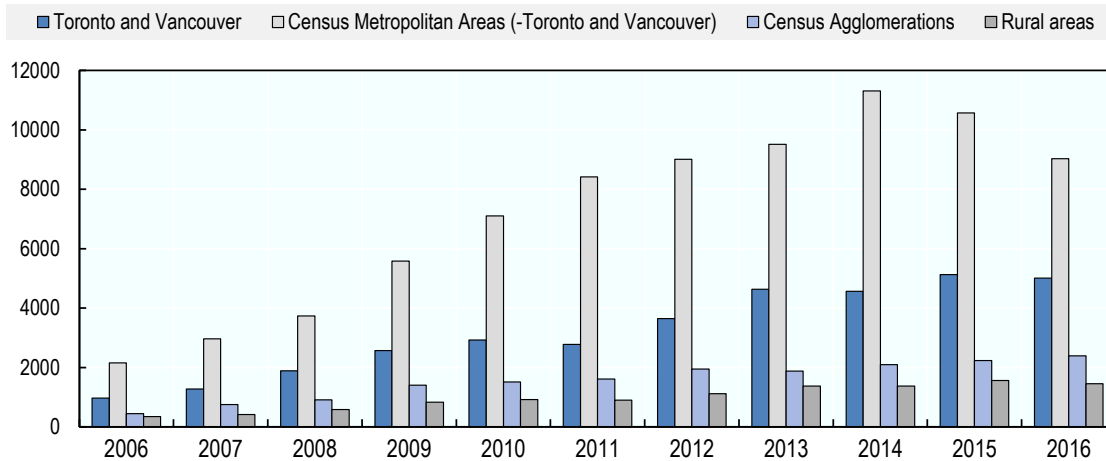
Note: This data includes individuals landing as economic, family and humanitarian migrants.

Source: OECD/EU (2018_[13]).

As mentioned, the PNP has been and still is successfully sharing the benefits of immigration across the provinces of Canada. However, most of these PNs – as do federal-and Quebec-selected immigrants – settle in only certain metropolitan and agglomeration areas within these provinces.⁸ Among all PNP-selected immigrants between 2006-16, a full 80% landed in a metropolitan area including in Toronto and Vancouver.⁹ While the total number of those migrating to other parts of the

country has increased by five times and more over this period, their share remains stable at around 12% landing in agglomerations and around 8% landing in rural areas in the rest of the country (Figure 4.10).

Figure 4.10. Provincial nominee principal applicants by year of landing and place of landing

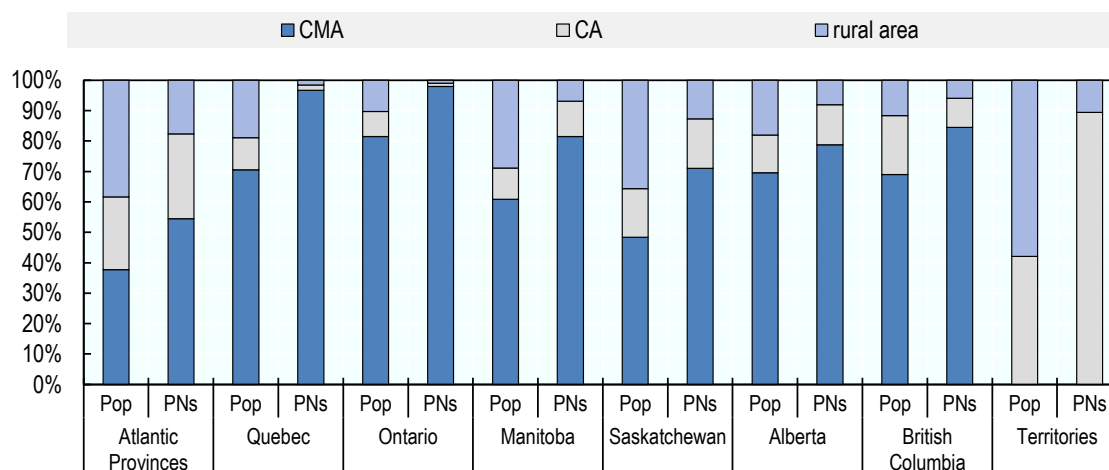


Note: Not all provinces/territories had a PNP in the first years shown in this graph. For instance, Ontario did start its PNP only in 2007, with admissions in the following years. Hence, the PNs living in Toronto during 2006-08 were selected by other jurisdictions.

Source: Statistics Canada, Table 11-10-0239-01. Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas.

A different picture evolves when looking at provinces separately. Overall, the Atlantic Provinces are more successful in attracting PNs to the more rural areas. One should note however, that the Atlantic Provinces are much smaller than the other PTs, and thus census agglomerations are generally closer than in the rural countryside in the rest of Canada.¹⁰ In turn, in the four provinces British Columbia, Alberta, Saskatchewan and Manitoba, fewer than 30% of PNs land outside the census metropolitan areas. While Ontario receives a small number of PN-selected immigrants relative to the many federally selected immigrants, virtually all of these PNs land in one of the census metropolitan areas and a full 75% in Toronto alone. In BC, an almost equal share (74%) of PNs land in the largest census metropolitan area (Vancouver), but the province also attracts over 8% of its provincial nominees to rural areas. In fact, while PNs are slightly more likely to settle in rural areas, their settlement patterns are overall similar to those of all labour immigrants in each province. Even PNs are much more likely to live in metropolitan areas than the overall Canadian population, regardless of the PT concerns (Figure 4.11).

Figure 4.11. PNs (principal applicants) landing years 2006-16 by agglomeration size, compared with the total population, 2016



Note: A census metropolitan area (CMA) must have a total population of at least 100 000 of which 50 000 or more live in the core. A census agglomeration (CA) must have a core population of at least 10 000.

Source: For PNP-PAs Statistics Canada, Table 11-10-0239-01 Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas. For population Statistics Canada - 2016 Census. Catalogue Number 98-400-X2016202.

It is against this backdrop, and the labour needs of many rural areas facing population decline, that Canada announced a new pilot programme in January 2019: the Rural and Northern Immigration Pilot Program. The programme differs in its approach to the employer-driven Atlantic Immigration Pilot by piloting a community-driven approach to economic immigration. From January 2019 until 11 March 2019, IRCC accepted applications from interested communities that are outside of Atlantic Canada and Quebec.

IRCC thereafter announced a number of communities in rural Canada that participate in this immigration pilot programme. Communities must have a population of maximum 50 000 people and be located at least 75 km from the core of a Census metropolitan area, or they must have a population of between 50 000 and 200 000 people and be remotely located from other larger cities.¹¹ Organisations responsible for providing economic development services in the community could submit an application and will, if selected, manage the pilot for the community.

Conclusion

Ensuring that the benefits from labour migration are equally shared within the country, and that policies respond to different local needs while maintaining a consistent migration management structure is a key challenge for many countries.

Together with Australia, Canada has been at the forefront among OECD countries in the regionalisation of permanent labour migration. Indeed, in Canada this is a

shared responsibility between the federal government on the one side and the provincial and territorial governments on the other. The increased role played by the latter in migrant selection has resulted in a more balanced geographic distribution of permanent labour migrants across the country over the past two decades.

As permanent migrants enjoy free mobility across Canada, the rather high PT-retention rate of PT-selected labour migrants and their different skill profile suggest that these streams are indeed complementary to the federal programmes. What is more, short-to-mid-term labour market outcomes of PT-selected migrants to date tend to be largely favourable, with a few exceptions. However, given the significant growth of the programme in recent years, a continued monitoring seems warranted.

A challenge that remains is the unequal distribution of migrants *within* PTs. To address this, a community-driven programme to attract labour migrants to the rural regions is now being tested. This new and innovative approach builds on another recent innovation to link selection with retention in the Atlantic provinces.

Notes

¹ Quebec used to have an allocation of economic immigrants under the abolished Live-in Caregiver Program. This is, however, no longer the case for the federal pilot programmes in the caregiving sector (Caring for Children and Caring for People with High Medical Needs). These were introduced in 2014, when Canada terminated the Live-in Caregiver Program. Many provinces have since created their own caregiving programmes under the PNP, but not Quebec. If a Quebec private household desired to hire a caregiver, they had to do so through other channels, such as the temporary worker programme (generally with an LMIA). Provisions for the new caregiver pilots that started in June 2019 are discussed in Chapter 3 of this review.

² A 2019 announced pilot programme in Canada (Rural and Northern Immigration Pilot) explores a similar idea which is however not employer-driven but community-driven and discussed in subsequent parts of this chapter.

³ SkillSelect is Australia's Expression of Interest pool, similar to the Express Entry pool in Canada.

⁴ The shares are based on data that exclude individuals intending to work in a management position (NOC 0) and cases where the intended NOC is not available.

⁵ The IMDB 2011 report states that "since the inception of the PN Program in 1998, the focus has been on immediate occupational needs identified by the participating provinces."

⁶ This comparison is only partially informative since immigrants that are federally and provincially selected have different education levels, skills and intended occupations. Ideally, one would also want to compare immigrants with the same skills levels from the different programmes, and with native-born of the same skills.

⁷ Given the high number of bonus points for provincial nominations, and the different selection criteria of EE compared to the PNP, it would be of interest to study mobility patterns of EE-selected PNs and non-EE-selected PNs. Given the time lags involved, this analysis will only be possible in a few years time, however.

⁸ Note that this is a different definition from the rural/urban distinction shown in Figure 4.9; parts of census agglomerations may be classified as rural.

⁹ A census metropolitan area has a total population of at least 100 000 of which 50 000 or more live in the core. A census agglomeration has a core population of at least 10 000.

¹⁰ Neither Prince Edward Island nor the territories have a city defined as a Census Metropolitan Area.

¹¹ IRCC uses Statistics Canada's Index of Remoteness to help define which communities are considered remote and includes communities with a remoteness index equal to, or greater than 0.25. The Index of Remoteness is an experimental research product determined by distance from another city that offers public services and by population size.

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Recruiting Immigrant Workers

CANADA

Canada has not only the largest in terms of numbers, but also the most elaborate and longest-standing skilled labour migration system in the OECD. Largely as a result of many decades of managed labour migration, more than one in five people in Canada is foreign-born, one of the highest shares in the OECD. 60% of Canada's foreign-born population are highly educated, the highest share OECD-wide. The recent introduction of Express Entry, a two-step selection system based on an initial pre-screening of suitable candidates who enter a pool by Expression of Interest and subsequent selection of the most skilled candidates from the pool, has further enhanced the competitive edge of the selection system relative to other countries. It also ensures that those with the skills to succeed are admitted to Canada in a quick and efficient way. Core to Canada's success is not only the elaborate selection system itself, but also the innovation and infrastructure around it, which ensures constant testing, monitoring and adaptation of its parameters. This includes a comprehensive and constantly improving data infrastructure, coupled with the capacity to analyse it, and swift policy reaction to new evidence and emerging challenges.

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