



Submission to the Government of Canada on Immigration

August 5, 2016

Strengthening our Canadian fabric

Questions

1. How many newcomers should we welcome to Canada in 2017 and beyond?
2. How can we best support newcomers to ensure they become successful members of our communities?
3. Do we have the balance right among the immigration programs or streams? If not, what priorities should form the foundation of Canada's immigration planning?

Immigration's role in growing our nation, economically and socially, is extremely valuable and rooted in the history of this country. By enriching our communities, contributing to our population and spurring innovation, newcomers are vital to economic prosperity in Canada. The Canadian Chamber of Commerce welcomes the Government of Canada's invitation to share views during its consultation on immigration. In this submission, the Chamber also offers recommendations to ensure our immigration system evolves to better realize its goals in the years and decades to come.

Recent reports and submissions by the Canadian Chamber include [Immigration for a Competitive Canada: Why Highly Skilled International Talent Is at Risk \(January 2016\)](#) and [Submission to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on the Temporary Foreign Worker Program \(June 2016\)](#).

Immigration levels

In 2016, Canada increased its planned immigration level to 300,000 new permanent residents, partly in order to accommodate additional numbers of refugees and family class entrants. For the previous 10 years, Canada was admitting an average of 255,000 permanent residents each year. That level has equalled roughly 0.8% of Canada's population in each of the past six years.

Now is the time to set a goal -- to increase immigration levels annually to reach 1% of Canada's population, or roughly 350,000 per year. That is the annual number of newcomers Canada will need by 2035 if it wants to realize any labour force growth and maintain its current standard of living, according to the Conference Board of Canada's long-term economic outlook.

It is time to set an immigration level that best supports Canada's economic and social aspirations.

Supporting newcomers in our communities

Across Canada, there are rural and smaller communities that are seeking to attract newcomers in order to reverse dwindling population trends, strengthen local economies and address labour shortages. They are often not the destination of choice for newcomers. In light of the closure of 19 CIC offices in local communities in 2012-13, the Canadian Chamber would like the government to develop a regional strategy to fairly apply the resources required to meet settlement needs for newcomers in all regions of the country. . [See the chamber's policy resolution: [Citizenship and Immigration Canada Regional Settlement \(2015\)](#).] Government-funded settlement programs for newcomers and the provision of pre-arrival services are important ways to support immigrants' integration.

The right balance across immigration programs

The economic category has made up an average of 60% of all permanent residents between the years 2005-2014, although the range has varied from 55% to 67% annually. (This year the economic category will drop to 53% of planned admissions, as higher proportions of refugees and family class members to be admitted in 2016.)

With a declining ratio of workers-to-retirees and forecasts of low GDP growth, Canada must take more interest in the economic potential of newcomers. A starting point would be to set targets of between 60% to 70% of all immigrants to come through the economic category. Additionally, the government should continue to foster settlement, integration and employment of all newcomers who want to participate in the labour force.

The levels of economic immigrants have been complemented in past years by the temporary admissions of foreign workers via the Temporary Foreign Worker Program. In the past two years however, the numbers of TFWs admitted have dropped as a result of changes in policies governing the program and in labour market demand. Concurrently, there is evidence of labour shortfalls that cannot be met via the TFW Program because of the restrictive policy changes in place since June 2014. Witnesses at the parliamentary committee [review](#) of the TFW Program in the spring of 2016 presented many examples across sectors and various skill levels where the program changes have adversely affected companies and economic activity in regions across the country.

The fact that fewer TFWs are being admitted to Canada than may be required for labour market needs suggests that more economic immigrants may be needed.

Within the economic category, the government has typically set targets by program. In the levels plan for 2016, no individual program targets were set for the Federal Skilled Worker Program or the Canadian Experience Class. Instead, the government has combined three sub-categories into one called Federal Economic – High Skilled. Those sub-categories comprise about 58,000 admissions for this year, compared to about 74,000 in 2015.

In a footnote to its 2016 levels plan, Immigration, Refugees and Citizenship Canada explains that: “Levels targets and ranges have not been established for each individual program, as almost half of admissions in 2016 are expected to come from Express Entry. This approach reflects the new ways federal economic immigrants are selected under the Express Entry system. The Express Entry system determines which programs foreign nationals qualify for based on the information they provided and awards them points under the Comprehensive Ranking System (CRS) for their ability to successfully enter the Canadian workforce (e.g. age, education, official language proficiency and work experience).”

Express Entry candidates may meet the criteria for more than one economic immigration program, according to IRCC officials. IRCC will continue to track and report on admissions in the CEC, Federal Skilled Trades, and FSW programs, including as part of the Annual Report.

However, the Canadian Chamber points out that by dropping individual program targets, the government is not accountable in a transparent way with respect to transitioning TFWs and international students to permanent residency.

Recommendations to the Government of Canada:

- The government should set a target range of 60%-70% of all immigrants to be admitted through the economic category annually.
- The government should set targets or target ranges for admissions through the Federal Skilled Worker Program and Canadian Experience Class, in order to ensure minimum numbers of highly skilled talent and the transition of TFWs and international students to permanent residents, respectively.

Unlocking Canada's diverse needs

Questions

- 1. How can immigration play a role in supporting economic growth and innovation in Canada?**
- 2. Should there be more programs for businesses to permanently hire foreign workers if they can't find Canadians to fill the job?**
- 3. What is the right balance between attracting global talent for high-growth sectors, on the one hand, and ensuring affordable labour for businesses that have historically seen lower growth, on the other?**
- 4. How can immigration fill in the gaps in our demographics and economy?**
- 5. What Canadian values and traditions are important to share with newcomers to help them integrate into Canadian society?**

Immigrants can help boost Canada's innovation performance, which has lagged behind many other developed countries. "Skilled and highly educated immigrants can also make important contributions to innovation in Canada," according to the latest State of the Nation report of the Science, Technology and Innovation Council. "U.S.- based research has shown that immigrants are overrepresented as business owners, founders of high-tech start-ups, patent holders, Nobel Prize winners and exporters." Recently, "Canada's talent performance (in innovation) has showed mild signs of erosion against competitors," according to the Science, Technology and Innovation Council.

The Express Entry system is a most promising reform of selecting and processing applicants for economic immigration. It was intended to address the relatively poor labour market outcomes of immigrants to Canada by focusing on what researchers have agreed is one of the key causes: a lack of arranged employment on arrival. By awarding

high points to skilled and qualified candidates with job offers, the government supports economic growth and innovation. However, by requiring job offers to be validated by Labour Market Impact Assessments (LMIAs) in order to receive the high points, the government undermines its actions with a protectionist policy.

LMIAs are labour market tests to ensure that no Canadian is available to fill a job before it is offered to a foreign national. The LMIA process can translate into the micro-management by Service Canada and Employment and Social Development Canada officials over the hiring practices and growth plans of Canadian businesses, based on general departmental guidelines which may or may not be relevant to the employer or sector of business.

In addition, there are at least four categories of candidates where Express Entry and the immigration system should be improved to meet Canada's economic and innovation needs. These are:

- a) highly skilled talent in the information and communications technology (ICT) occupations, where the unemployment rate is typically below 3%, reflecting persistent labour shortages in the sector;
- b) senior talent with either specialized skills and/or executive or senior management experience that may be in short supply in Canada, which is an issue for start-up firms or firms that are scaling up, as well as larger employers;
- c) international students who may be prospective entrepreneurs, but are precluded from participating in entrepreneurship hubs at post-secondary institutions (such as DMZ at Ryerson University); and
- d) highly skilled talent who are already working in Canada (via the International Mobility Program where admissions are on an LMIA-exempt basis), but face policy challenges transitioning to permanent residency via Express Entry.

Recommendations to the Government of Canada

- Reintroduce a dedicated track for the assessment of applicants in the digital technology sector, along the lines of the former IT Workers Pilot Program or the new Tech Nation Visa Scheme in the U.K.
- Dedicate a number of Service Canada officers for specialized knowledge of certain industries that are high-value and high users of the program.

- Continue to provide high points in Express Entry for a job offer (600 points or close to it), without requiring an LMIA to validate it. Instead, IRCC should create a new test to replace the LMIA.
- Provide points in Express Entry to a foreign national who is in Canada in an LMIA-exempt category within the International Mobility Program.
- Provide extra points in the Express Entry system to senior experienced individuals in positions at the executive level. This is especially relevant to firms that are scaling up and to high-growth firms.

Balancing talent for high-growth and low-growth sectors

Canada's immigration system must continue to offer programs for a range of talent and skilled workers, where most of the programs are as demand-driven as possible, e.g. where job offers support the candidates' ranking in Express Entry or transition from TFW to permanent residency status.

Labour market information, including forecasts on a sectoral and/or regional basis, can help establish a balance between immigration admissions for high-growth and lower-growth sectors, but it must be complemented and validated by actual job offers and provincial nominations in Express Entry.

The Chamber considers the TFWP as one of the prime pathways to immigration for the international talent that Canada needs. "The TFW Program allows for a dating period (between a foreign worker and their employer) before getting married, rather than getting engaged," said one chamber member. It can be a probationary period for the people who hire. That said, members tell us that certain categories of TFWs do not have an obvious pathway because their experience in Canada as a TFW is not recognized in the immigration process. This frustrates a population which, for the most part, wishes to stay in Canada. That policy needs to change if Canada wants to offer more TFWs the option of applying to become permanent residents as a step toward citizenship.

Provinces and territories have a role in attracting immigrants to address local demographic and labour market needs. The filling of the quotas for some provincial nominee programs (especially those in British Columbia and Ontario) suggest those provinces may warrant higher caps.

Through job offers, employers signal their labour market and talent needs to the immigration system. It is vitally important to retain the high level of points for job offers in Express Entry's comprehensive ranking system to maintain that demand-driven approach.

Recommendations to the Government of Canada

- Improve and expand the pathways for TFWs to permanent residency, including by expanding the Canadian Experience Class to give low- and semi-skilled temporary foreign workers the right to apply for permanent residency after three years of work experience here.
- Meet annually with provincial and territorial governments to set and adjust the provincial nominee caps per jurisdiction each year, relying on labour market forecasts as appropriate.

Modernizing our immigration system

Questions

- 1. Currently, immigration levels are planned yearly. Do you agree with the thinking that planning should be multi-year?**
- 2. What modernization techniques should Canada invest in for processing of applications?**
- 3. What should Canada do to ensure its immigration system is modern and efficient?**
- 4. Is there any rationale for providing options to those willing to pay higher fees for an expedited process?**
- 5. In what ways can Canada be a model to the world on refugees, migration and immigration?**

Underlying our immigration system is a complex and flawed system of occupation codes and labour market information. It is a system that will only increase in complexity as jobs and occupations continue to evolve apace. The National Occupational Classification (NOC) codes are perpetually out of date and out of sync with industry realities, especially those involving highly technical and technological skills. Despite government commitments to update the NOC codes more frequently, it

has become a frustrating exercise especially for employers and candidates needing LMIA's.

Service Canada officers may not identify the roles correctly or the codes may be too outdated for an appropriate match. The match matters because the choice of NOC code or occupation then determines the prevailing wage that the officer will use to assess the LMIA request by the employer. Employers cannot always figure out a NOC code that an employee fits in, and that can be the cause of mistakes that affect the assessment.

There is an alternative to NOC codes. Consider the way Australia and the U.K. are operating using a minimum salary level approach – which may be a simple way to replace the complexity of our inadequate NOC codes.

Recommendations to the Government of Canada

- Improve processing times and act on the government's election platform commitment to create new performance standards for services, including streamlining applications, reducing wait times, and providing money-back guarantees.
- Remove the NOC code requirement wherever feasible in order to recognize the changing nature of occupations and to avoid confusion and unnecessary and costly errors by government officials.
- Implement a process to notify employers (via email, for example) of any changes to processes or information utilized in the calculation and submission of their initial LMIA application. This will give employers the opportunity to update applications and avoid costly delays, particularly in the case of prevailing wage rates.
- Encourage IRCC and Service Canada officers to improve the level of service; for example, Service Canada officers should be urged to call employers to make modest corrections or additions to complete their applications.
- Create forums at IRCC and ESDC for ongoing dialogue (via webcast, for example) with representatives of key stakeholders of the TFWP, the IMP and Express Entry, in order to communicate information and concerns amongst interested parties and with government officials.

Options for higher fees for expedited processing

When there is a time-sensitive requirement for talent, employers who can afford higher fees may be willing to pay for expedited processing of applications and visas for the talent. The government may want to ensure that other users of the system are not negatively affected if resources were diverted to support fee-based requests for expedited processing. Fees must be dedicated to pay for expedited processing and service standards for regular processing must not slip. (The Treasury Board Secretariat's [guidance](#) related to cost-based user fees, under the User Fees Act, may be relevant here.)

The government must be mindful of the challenges for start-ups and small firms who may find higher fees too expensive and forgo the chance to attract talent on a timely basis. An inequity may arise between the processing experience of SMEs versus larger businesses.

In this regard, the experience in the U.S. is instructive where premium processing fee is US \$1225 per application to guarantee an initial adjudication within 15 calendar days or the fee is refunded.

Leadership in global migration and immigration

Questions

- 1. Is it important for Canada to continue to show leadership in global migration? If so, how can we best do that?**
- 2. How can Canada attract the best global talent and international students?**
- 3. In what ways can Canada be a model to the world on refugees, migration and immigration?**

To attract the best global talent and international students

Canada is a most welcoming country to immigrants. If it wants to burnish its brand and truly compete for talent, it must continually assess the impacts of its policies and its processing performance. In the face of stiff competition from peer countries which are also attracting highly skilled foreign nationals, the government must listen often and carefully to the experience of users to understand and respond to any inefficiencies and inadequacies of the system. It must invest and improve its processing of applications,

both in terms of the electronic process and the knowledge and service provided by government officers.

The Express Entry system presents an opportunity for a truly competitive and effective immigrant selection model. The government can adjust policies, instructions and regulations underpinning Express Entry and also address key issues affecting high-skilled talent in the TFWP and the IMP as candidates for Express Entry.

At the point when firms are struggling to fill high-skilled positions with top talent who can help Canadian businesses innovate and grow, there may not be sufficient numbers of qualified and available candidates in Canada no matter the wage that is offered. Firms may need to look abroad to complete their teams, and retain and grow job opportunities for Canadians.

For multinational firms in Canada, the availability of talent supports “winning global mandates” and indeed it is often dependent on having the talent here. It is important to recognize the attraction of some foreign talent may be a strategic necessity to maintain jobs and economic activity in Canada, as well as ensure Canada’s competitiveness in the international economy.

For these reasons, the government should continue to award high points in Express Entry (600 points or close to that level) to candidates with jobs offers, while replacing the LMIA with another means to validate the job offers.

International students

The federal government’s International Education Strategy has a goal of doubling the number of fulltime international students to more than 450,000 by 2022. Approximately 50% of international post-secondary students in Canada are interested in exploring permanent residency, according to the Canadian Bureau for International Education. Yet, academic administrators believe that in the past couple of years, either government resources have been shifted away from processing some types of visa permits or new funding may have been devoted to the Express Entry system, leaving visa processing without sufficient funding or resources to support the growth in demand.

With the Express Entry system, international students face uncertainty and competition from people who have never spent any time working or studying in Canada. Students’ work experience during their studies is not recognized toward their application via the

Canadian Experience Class program. As LMIA's are meant to test the Canadian labour market to ensure there are not similarly qualified Canadians available for the role, ServiceCanada officials will only infrequently approve an LMIA application for a position to be filled by a recent university graduate.

Incoming international student applicants who experience processing delays may see their admission offers at risk in Canada. Post-secondary institutions face heavy competition from New Zealand, Australia and the U.S. such that any efforts to expedite visa approvals would be viewed as steps in the right direction.

Recommendations to the Government of Canada

- Reduce the processing time for study permits and visas to compete with other international markets such as the U.S., Australia and New Zealand.
- Consider awarding comprehensive ranking system points to international students who have completed full-time post-secondary studies in Canada.
- Allow a study permit to incorporate a co-op work permit, rather than require international students to apply for each permit separately.

Concluding comments

Canada's ability to recruit and integrate international talent into its labour force will increasingly affect its chances to fully realize its economic prosperity.

We will better align immigrant talent with labour market needs and future economic prosperity by ensuring that job offers remain a prime trigger for invitations to apply to immigrate for highly skilled individuals. Through gainful employment that fully capitalizes on their skills, immigrants will also enjoy both economic and social prosperity here.

The Canadian Chamber of Commerce appreciates this opportunity to share its members' views on how our immigration system can better support Canada's economic competitiveness and prosperity.