

## NATIONAL CONVERSATION ON IMMIGRATION

Joint Submission by

The Immigrant Employment Council of British Columbia and Urban Futures Inc.

### *STRENGTHENING OUR CANADIAN FABRIC*

Today, the most typical Canadian is 53 years old, the leading edge of the Post World War II boom generation has celebrated their 70<sup>th</sup> birthdays, and Canada is entering its second great demographic transition. The aging of the Canadian population has, and will continue to, have significant implications for all aspects of Canadian economics and demographics as we move beyond 2017. The ability of Canada's labour force, and by extension, employment and economy, to grow in the face of an aging and slowly growing workforce will be one key area of continued change. Further, increases in the demand for intergenerational transfers—particularly in health care and income support—from the relatively slowly-growing working-aged population to the rapidly-growing seniors' population will increase the potential tax burden on Canada's workforce. Given the long and increasing life expectancies enjoyed by Canadians, there are two feasible strategies that can be pursued to grow our economy and ensure the sustainability of our social services: reduce the demand for labour and social services (more difficult), or increase the contributors and contributions to those labour and social services (easier).

In addition to ensuring a robust group of labour force participants to foster economic growth, growth in the number of people of working age in Canada will expand the financial foundation for transfer programs by increasing the number of contributors who pay into the system both directly (for programs such as the Canada Pension Plan and Universal Health Care) and indirectly (through other forms of taxation). That said, given below the replacement level birth rates and an aging domestic population, growth in Canada's contributory population will rely on net inward international migration.

The general framework for Canadian immigration policy should work to ensure that both the level and composition of immigration contributes positively to growth in Canada's labour force and economy, either measured through its overall rate of growth, or more specifically through dependency ratios (the ratio of working to non-working aged population), to ensure our economy can grow and the magnitude of intergenerational transfers is moderated. In the short-run, increasing Canada's immigration rate from 0.75 percent of the Canadian population (its average level since 2009) into the range of 0.83 to 0.85 would allow the Canadian labour force to grow (albeit at a slower rate than what has been seen historically). In turn, this would yield only moderate increases in the national dependency ratio. From current levels, such a change would see upwards of 325,000 immigrants welcomed annually to Canada over the next decade. Over the longer-term, once the bulk of the post-War boom generation have aged up and out of Canada's population, immigration levels could fall back towards the current rate of 0.75 percent of the Canadian population.

It is important to note that without the inflow of immigrants, Canada's labour force would begin to decline in absolute terms as early as 2020, and the dependency ratio would increase rapidly, thereby limiting the ability of the Canadian economy to expand, and placing a larger contingent financial burden on the next generation of Canadian workers.

### *UNLOCKING CANADA'S DIVERSE NEEDS*

Filling in the country's demographic needs, supporting Canada's economic growth and innovation, and strengthening its diverse social fabric – a stronger, more cohesive and more responsive immigration system will contribute to our long-term success and prosperity as a nation in many ways.

Immigration influences Canada's demography in two ways: it increases the size of the national population, and it makes it younger. Given our aging domestic population and our below-replacement level birth rate, immigration will account for a growing proportion of Canada's population growth in the coming years. Without immigration, Canada's population would begin to decline in size within the next decade and would continue to do so each year thereafter. Immigrants to Canada are also overwhelmingly younger than existing residents. Currently, while the most typical Canadian is 53 years old, the most typical immigrant is 30. In addition to contributing to a growing Canadian population, immigration also helps slow its inevitable aging.

Immigration also helps address gaps in Canada's workforce and the needs for long-term economic growth. Fundamentally, an economy can grow and expand through two means: growth and expansion in the number of people available to work (its labour force), and/or increases in the productive capacity of each worker. In this context, immigration will play both direct and indirect roles in supporting economic growth and innovation in Canada.

Virtually all sectors in the Canadian economy are, to some degree or another, challenged by our aging workforce. The most typical judge, jeweler, and curator are all between the ages of 55 and 64, and in 124 out of 251 detailed occupation categories the most typical worker is between 45 and 54. In 2011, while 25 percent of the Canadian-born population had a university certificate or diploma, 43 percent of immigrants did; a gap that widens when standardized by age.

Immigration will arguably be the single most important direct mechanism through which Canada will be able to influence its future path of economic growth. In addition to its direct impacts on the size of the Canadian workforce, immigration has the potential to impart additional indirect impacts by contributing positively to productivity gains.

By encouraging immigration and identifying those immigrants who can specifically fill sectoral opportunities and challenges, immigration will support economic growth and innovation in the years to come. Further to these contributions, the youthful profile of immigration will see these new Canadians contribute positively to the current pay-as-you-go systems of health care and pension funding.

In order for this human potential to be fully unlocked, government policies and programs need to be fast, fair and flexible. Along with meeting the needs of communities welcoming new immigrants, they must also meet the needs of Canada's employers. It is often through meaningful labour attachment that newcomers learn about their new homeland and become its integral part; therefore, immigration initiatives need to align well with workforce strategies. Aligning with and building on existing labour market programs, services, and initiatives will allow Canada to focus available resources on clearly identified priority solution areas, while providing the necessary supports to employers to find, hire, and retain new Canadians will maximize positive outputs and outcomes – for immigrants, businesses, communities, and Canada as a whole.

Employers and industry groups must be educated about the changes to the various streams in our immigration system to facilitate their access to the new Canadians coming in through these programs. Of special importance is the need for practical, effective, accessible, and comprehensive support to small and medium-sized businesses (SMEs), which are the backbone of Canada's economy. Because many SMEs have little experience with or capacity to tap into immigrant talent, they need assistance in the forms of tools, resources and training to effectively incorporate skilled immigrants into their workforce mix. For SMEs and larger businesses, especially in high-growth sectors, there should be more focus on retention of skilled international talent that can boost our innovation and productivity and that will contribute to making Canada a true knowledge economy, such as international students.

To this end, immigration initiatives should aim to better assess where the gaps are between skills required and potential international workers by industry, and according to city and/or region. Both the government, Immigrant Employment Councils and others have a role to play in educating businesses and employers on how to access different immigrant and refugee talent pools, and in supporting communities and sectors to attract immigrants to land and/or settle in rural and remote communities. Employers need to be educated about ways to balance valuing Canadian work experience with promoting and valuing global experience, and they must be encouraged to create talent hubs and networks in high-demand occupations and growth/emerging sectors.

While successful integration of new Canadians into the workforce is critical to their personal and the country's economic fortunes, it is also essential to social cohesion. Newcomers to our country will be looking for a sense of community that will demand partnerships - among employers, local governments and other actors. Immigrant Employment Councils can play a special role in fostering collaboration and enhancing co-ordination of these efforts.

Another priority is sharing the core values that Canadians live by and that are essential to preserving Canada as a free and democratic country. These are the fundamental freedoms and equality rights set out in the Charter of Rights and Freedoms, which protect newcomers from the moment they land in Canada, and these are the values of multiculturalism firmly ingrained in our social fabric.

With an aging population and labour shortages in many sectors, immigration will be vital to Canada's long-term success and prosperity. As demonstrated once again by their response to the recent international challenges, Canadians are welcoming and generous with immigrants and refugees. This sets us apart - as a nation and as a country - and translates into a competitive advantage for Canada.

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