Our Journey to a Prosperity-Driven Immigration Strategy

Lessons and insights from our research into Canadian immigration

Prosperity-Driven
Immigration for Canada

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About the Business Council of Alberta

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

Land Acknowledgement

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

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

Introduction

In 2022, the Government of Canada announced a significant increase in the number of immigrants it expects to welcome over the next few years. It set a target to bring in 500,000 people in 2025—an increase of 200k (+65% compared with historical norms). Most of the increase will come from economic immigrants—those selected for the specific skills they bring to the country.

Immigration is incredibly beneficial for society and the economy, and Canada is fortunate to be seen as an attractive place by many across the world. But on its own, immigration is not a strategy for economic growth. Bringing in more newcomers will undoubtedly make Canada **bigger**, but it's not guaranteed to make it **better**.

We wanted to make sure it does. That's why we undertook a project focused on prosperity-driven immigration for Canada.

Our goal with this project was to develop a strategy and an action plan for immigration that leaves newcomers, current residents, and businesses with more opportunity than before.
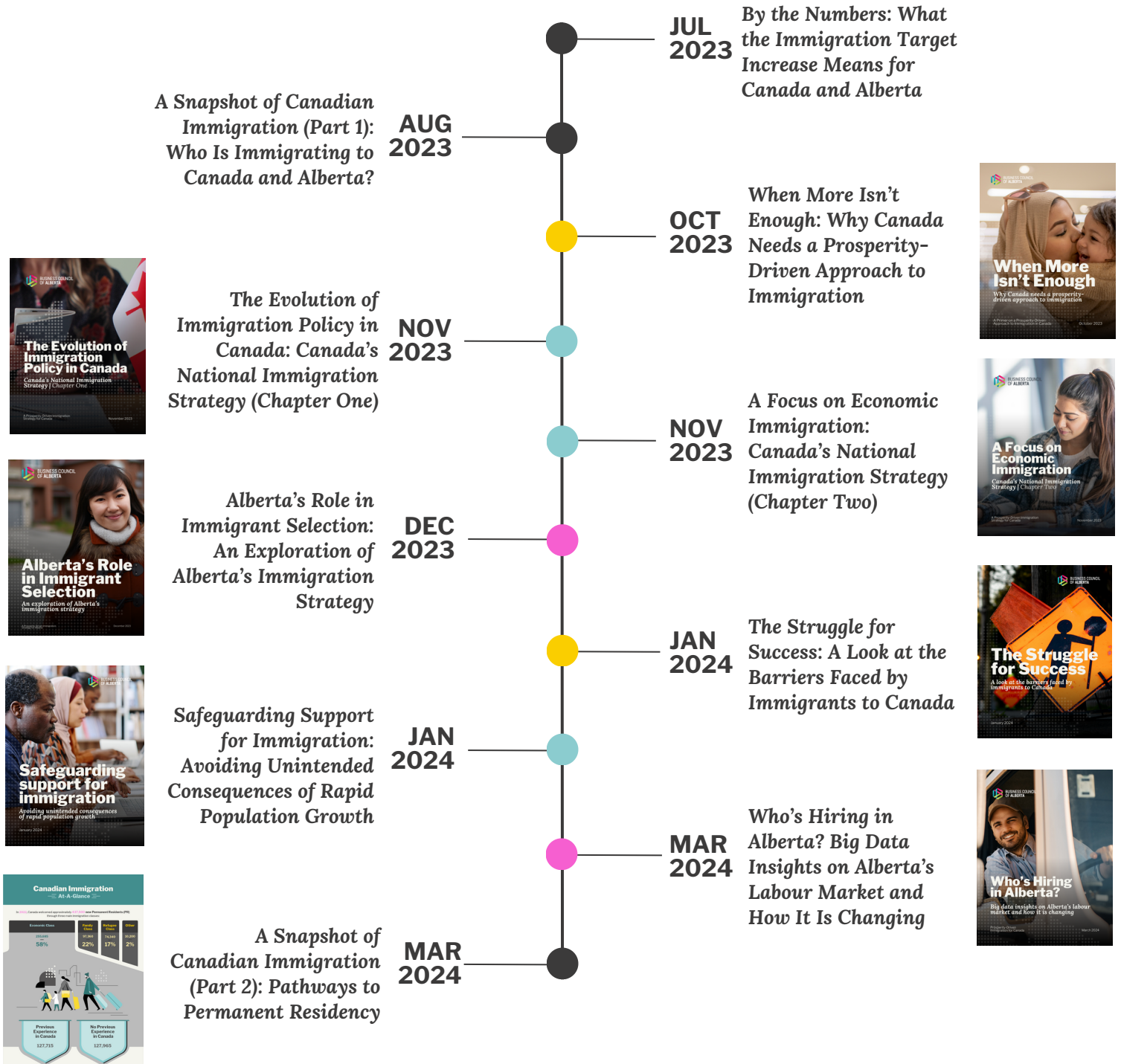
Our work took place in two stages. Phase One built our understanding of the current immigration system: what it looks like, how we got to where we are today, and what some of the existing challenges are. Phase Two brought together a Task Force of Business Council of Alberta members—selected for their personal and relevant business experience—to explore potential policy solutions.

This document is a summary of our work on Phase One. Here, we review our journey so far—through seven research papers and other publications that cover Canada's immigration history, strategy, challenges, and consequences. We highlight our most important findings in each and show how they fit into our larger project.

Bringing in more newcomers will undoubtedly make Canada bigger, but it's not guaranteed to make it better. We wanted to make sure it does. That's why we undertook a project focused on prosperity-driven immigration for Canada.

Our Journey

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

To begin our study of immigration in Canada and Alberta, we first wanted to get a sense of where we stand today. We looked at how many immigrants are coming to Canada, and how that compares to historical levels. Since the most recent increase was driven by post-COVID labour shortages, we also wanted to look at how higher immigration levels were affecting the composition of the labour force.

What did we learn?

- In 2022, the federal government announced a significant increase in immigration targets to 500,000 new residents in 2025, 65% higher than recent levels.
- This total represents the largest number of immigrants Canada has ever welcomed in a single year. Although when expressed as a percentage of the resident population, immigration levels have been higher a few times in the past.
- This policy change is a major driver behind the fact that Canada is experiencing the fastest population growth it has seen in 50 years.
- Immigration will transform the workforce. By 2036, immigrants will account for an estimated 37% of Canada's labour force and as much as 41% of Alberta's, up from around 27% today.

The bottom line

Immigrants are already vital to Canada's workforce, and the increase in immigration levels means that today's policies will even further shape the workforce of tomorrow. That said, there continue to be employers struggling to fill vacancies, and too many immigrants still find themselves un- or under-employed. Canada's immigration policy should be carefully crafted to maximize the benefits of immigration for Canadians and newcomers alike.

Read Commentary

A Snapshot of Canadian Immigration: Who Is Immigrating to Canada and How?

Next, we wanted to look at who is immigrating to Canada and the pathways they take to become permanent residents (PRs). This two-part analysis looked specifically at the age and sex of new PRs to Canada; where they came from, where they established themselves, and how each of those has changed over time; and whether new PRs have had previous experience studying or working in Canada. We also examined whether there were important differences in terms of the people who immigrate to Alberta compared to elsewhere in Canada.

What did we learn?

- Following decades of European-driven immigration over the country's first century, Canada's and Alberta's new PRs are increasingly coming from Asia and Africa.
- National and provincial immigration trends are largely similar in terms of where immigrants come from, although Alberta welcomes proportionately more from the Philippines and Nigeria, and fewer from India and China.
- The share of Canadian immigrants choosing to live in Alberta has been increasing since the 1980s, particularly in Calgary and Edmonton. That said, while the general trend is upward, the number of immigrants moving to Alberta fluctuates with the health of the provincial economy.
- Immigrants to both Canada and Alberta are predominantly within the younger end (25-44) of the prime working age range (25-54). This is directly related to Canada's stated goal of bolstering the working-age population to combat an aging population and a growing share of Canadians easing into retirement.
- New economic immigrants, who make up the majority of each year's new PRs, increasingly have previous experience living in Canada before attaining PR status. In 2022, nearly half had held a Canadian work and/or study permit before becoming a PR.

The bottom line

Canada's immigration policy has shifted over time in terms of the age and origin of its immigrants to attempt to address labour shortages and slow the impact of an aging population. Moreover, Canadian employers and post-secondary institutions are playing a bigger role in newcomers' paths to PR (i.e., two-step immigration).

This foundational knowledge is vital for informing policymakers on how changes to an immigration strategy can impact regional demographics, how newcomer integration and settlement services needs may differ from one province to the next, and how an increase in two-step immigration impacts immigration strategy both positively and negatively.

Read Part 1   **Read Part 2**

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

Our next paper was a substantive investigation of the connection between immigration and prosperity. In a sense, this paper is the thesis statement for our entire project. It notes that immigration can offer a wide range of benefits, but it does not, on its own, constitute a strategy for economic growth. Bringing more people into Canada will certainly make the economy larger, but not necessarily stronger.

Here, we focus on what immigration can, and cannot, be expected to accomplish and what needs to be done to ensure that immigrants are not only successful in Canada but contribute to our collective prosperity (as measured by higher per capita GDP).

What did we learn?

- Immigration brings many benefits to Canada and can help address specific labour market gaps, but it will not solve broader challenges like general economy-wide labour shortages and an aging population.
- Canada is increasing immigration levels, but to do that and generate per capita economic growth at the same time, it will need to enhance its selection process for economic immigrants, do more to draw the economic immigrants with the greatest potential from around the world, and better support immigrants in their success.
- Canada's points-based system—which ranks prospective economic immigrants on things like education, age, and work experience—has limitations when it comes to predicting immigrant success. The system focuses on easily quantifiable measures, like years of education, while some skills and attributes (like current income levels) go unrewarded.
- Economic immigrants can earn a high score under the points system but find that when they arrive in Canada, their skills or credentials are not recognized. This results in the un- or under-employment of immigrants.
- For Canada to get the biggest economic benefit from immigration, it must also address its pre-existing economic weaknesses. There is a global competition for economic immigrants and the best candidates tend to be attracted to strong, dynamic economies.

The bottom line

The insights gained from this report are vital to understanding when and how immigration increases shared prosperity, as well as the shortcomings within the current system. Just as important, our findings emphasize that immigration should not be viewed as a stand-alone policy area but rather as one that both influences and is influenced by the broader Canadian economy.

Read Paper

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

To recommend changes to Canada's immigration system, we first need to understand how the system currently works. In a two-part series, we look at Canada's national strategy for immigration and how it's changed over the years.

Chapter One is a history of immigration policy in Canada since Confederation. It looks closely at how immigrant selection has evolved over time in response to shifting priorities and values.

What did we learn?

- The overarching priorities of Canada's immigration policy have changed considerably over time, reflecting at different times, objectives such as nation-building, demographic growth, humanitarianism, and economic benefits.
- In its earliest days, immigration to Canada was quite open, with few (but discriminatory) restrictions. The primary goals centred on populating the developing nation, particularly with Europeans.
- Canada first introduced a points system to assess immigrants' skills in the 1960s. At the time, the focus was on meeting immediate labour market needs. After a focus on humanitarian and demographic goals in the 1980s, immigration policy in the 1990s and early 2000s shifted towards prioritizing immigrants with high human capital rather than specific skills.
- Today, immigration policy is used to serve both long-term and short-term economic goals —focusing efforts on high-human capital immigrants as well as those with specific, in-demand skill sets.

The bottom line

Canada's immigration strategy has changed a lot over the years in response to evolving economic conditions, values, and policy priorities. On the economic side, there have long been tensions between whether immigration policy should focus on long-term versus short-term goals. Canada's current immigration policy tries to satisfy both, but these tensions remain an ongoing consideration and challenge for policymakers.

Read Chapter One

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

Chapter Two of this series looked at Canada's present-day immigration policies, from the application process to immigrants' experiences upon arrival.

This analysis examined the structure of the present-day immigration system in Canada, including the different categories of immigrants, selection processes, and outcomes of newcomers. It focused especially on the various pathways to permanent residency (as opposed to temporary immigrants) for economic migrants—those chosen for their specific skills and human capital.

What did we learn?

- There is a plethora of immigration programs within Canada. The Economic Class includes federal programs like the Federal Skilled Worker Program (FSW), Federal Skilled Trades Program (FST), and Canadian Experience Class (CEC), as well as regional programs such as the Provincial Nominee Program (PNP).
- Temporary workers are increasingly becoming permanent residents through a process known as "two-step immigration." While there is an explicit target for permanent residents, there was no cap on the number of temporary foreign workers or international students admitted each year, and the number of permits has increased in recent years.
- Express Entry is a system introduced in 2015 to manage permanent residency applications and "cream skims" top candidates for permanent residency. It uses the Comprehensive Ranking System (CRS) to rank candidates based on factors like education, age, and work experience. The CRS for Express Entry is layered on top of the existing points system, creating duplication and redundancy.
- While the labour market outcomes for economic immigrants are improving, their earnings remain below those of their Canadian-born counterparts.
- The CRS is intended to identify high-quality prospective immigrants, but it is not a very good predictor of immigrants' future earnings.

The bottom line

There are many pathways for economic immigrants coming to Canada. These pathways are designed to identify candidates with either high human capital or specific skills in immediate demand. However, the systems in place are complicated, they change frequently, and the selection and measurement criteria they use do not always result in optimal outcomes for immigrants or the Canadian economy more broadly.

Read Chapter Two

Alberta's Role in Immigrant Selection: An Exploration of Alberta's Immigration Strategy

Having examined immigration policy nationally, we then turned to Alberta. The role of provinces in immigration has expanded considerably in recent years, so we looked at the evolution of that role, Alberta's overarching immigration strategy and streams, and what each of those streams is trying to accomplish. We also looked at how the province is measuring the success of its overarching strategy.

What did we learn?

- Economic immigrants used to disproportionately go to Toronto, Montreal, and Vancouver. But initiatives like the Provincial Nominee Program (PNP) allow other provinces to attract and retain immigrants better than ever before.

- Alberta attracts proportionately fewer direct immigrants compared to other large provinces. However, Alberta tends to attract immigrants from other provinces once they've lived there for a while. Moreover, Alberta has a high immigrant retention rate. That means that newcomers who come here tend to stay here.

- Alberta's PNP, called the Alberta Advantage Immigration Program (AAIP), emphasizes employer-driven immigrant selection criteria—largely in response to perceived short- and long-term labour market gaps, especially in health care, tech, agriculture, construction, and tourism and hospitality. The majority of AAIP admissions are for temporary foreign workers.

- Alberta's immigration strategy focuses on three areas: selecting people whose skills align with employer needs, promoting the settlement of immigrants in rural areas, and selecting entrepreneurial immigrants who want to buy or start a business.

- Alberta's immigration strategy does not specify what success looks like or how to measure it. It also does not consider how immigration impacts per-capita prosperity, and its entrepreneurial streams have complicated and lengthy selection requirements.

- Nationally, provincial nominees average higher employment rates and incomes than the majority of federally selected economic immigrants in their first years upon landing in Canada. However, this advantage dissipates after five years.

The bottom line

Alberta's role in immigration is growing. However, its intake focuses mainly on temporary foreign workers rather than individuals who address long-term labour market needs. It also does not define what a successful immigration policy looks like. Ensuring that Alberta's selection criteria are well-defined, streamlined, and focused on per-capita prosperity is vital for continued success.

Read Report

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

We then turned our focus from immigration policy to immigrants themselves. This piece looked at the experience of immigrants in Canada, highlighting the barriers they face when they arrive. Given the large and growing share of immigrants in the workforce, this knowledge is vital for understanding the link between immigrants' success and that of Canada as a whole.

What did we learn?

- For many newcomers, language proficiency is the biggest barrier. Though primary economic immigrants are typically proficient, other family members, and immigrants from other streams, may not be.
- Although a wide variety of settlement supports are available, limited capacity and the absence of a process to connect newcomers with services significantly undermine their effectiveness.
- Immigrants can struggle to find work because they lack established social and professional networks in their fields, while most jobs are never publicly advertised.
- Newcomers face bias due to a range of factors including: "foreign" sounding names, second-language accents, and/or foreign experience—any of which can impede entry into, or success in, the labour market. Different cultural understandings and communication and conflict styles can have more subtle effects of limiting integration and creating isolation.
- The challenge of getting a foot in the door is more pronounced for individuals in regulated professions. To name just a few examples, many experienced doctors, nurses, plumbers, and teachers arrive in Canada only to find their chosen career is unavailable due to differences in credentialing. Confusingly, candidates can be awarded points in the application process for having a credential, even if that credential isn't recognized by regulatory bodies in Canada.

The bottom line

Addressing the barriers immigrants face upon arrival is one of the most important things Canada can do to ensure that newcomers are successful, can integrate well into the domestic economy, and that immigration policy more broadly fulfils its promise to immigrants and resident Canadians alike. This is especially important given Canada's new, higher immigration targets.

Read Report

Safeguarding Support for Immigration: Avoiding Unintended Consequences of Rapid Population Growth

Higher immigration rates of both permanent and non-permanent residents have resulted in explosive population growth in Canada. For the most part, that's a good thing. But it does create some social and economic challenges when it comes to absorbing that growth. This paper looks at what's driving population growth and the impact it's having on housing, health care, and other public services. It also looks at what can be done to address those concerns so they don't risk chipping away at popular support for immigration in Canada.

What did we learn?

- Recently, housing prices and healthcare system inadequacies have soured public sentiment on immigration. This threatens the long-term benefits immigration can bring.
- Canadians' concerns are mainly about how many immigrants there are, rather than who they are and/or where they are from. Canada's population has surged over the last couple of years. While permanent residents have played a part, the growth has been driven primarily by temporary workers and international students.
- Unless investment in infrastructure and public services improves at the pace needed to match recent population growth, Canada will not be able to absorb that growth and per capita prosperity will decline.
- Issues around housing and health care in Canada pre-date the recent surge in immigration. Regardless, Canada needs a renewed focus on solving those challenges and distinguishing between how our immigration system can help solve supply and demand issues and how it currently isn't.

The bottom line

Immigration is of immense value to Canada and has enjoyed longstanding public support. However, that support has begun to erode and could erode further if action is not taken to address the consequences of rapid population growth. Investing in infrastructure and public services to accommodate growth is key to ensuring that immigration improves prosperity for the Canadian-born and immigrants alike.

Read Report

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

The final paper in Phase One of our immigration journey looks at the labour market needs in the Albertan and Canadian economies. Economic immigration streams are intended to prioritize those individuals with the most highly valued skills and experience. But this is difficult to do without a clear understanding of which jobs or skills will be in demand in the future.

This analysis looks at job postings data to get a fuller picture of which occupations and skills are in high demand, and how this demand varies across the country and within Alberta. This knowledge is vital in understanding how immigration can help to meet labour market needs, and how the selection criteria for economic immigrants may need to evolve.

What did we learn?

- There has been significant growth in jobs postings across Canada for positions in health care and trades occupations, with Alberta having the highest growth in trades-related postings of all provinces.
- Education-related fields have also seen more job postings, especially for educational assistants. Meanwhile, some occupations are not looking for workers, or have seen a decrease in their open postings. These include home childcare workers and, somewhat surprisingly, engineers of all types.
- More and more, job postings are emphasizing tech skills. Skills involving tech such as cloud computing, AI, and data analysis have become more in demand. Interestingly, the need is more about using, rather than developing, these tools.
- Jobs requiring "middle skills," such as those gained through diplomas, apprenticeships, and on-the-job training have seen the fastest increase in postings in Alberta. Meanwhile, only about one-tenth of all postings require the highest level of education, experience, and responsibility.
- Labour markets tend to vary more *within* provinces than across them. There are many job opportunities available outside of Calgary and Edmonton.

The bottom line

Canada and Alberta require a regionally sophisticated strategy, informed by labour market information, for immigration to meet changing labour market needs. As well, it's important to remember that labour market needs can change quickly and dramatically. This has two implications for immigration policy: first, short-term blips in labour demand should not dictate long-term changes in immigration policy, and second, adaptability and transferrable skills are at least as important as the specialized skills needed in certain occupations.

Read Report

Next: Conclusion »

Conclusion

The federal government has announced a large increase in the number of immigrants it wants to bring to Canada over the next few years. While immigration has historically resulted in significant benefits both to Canada and to newcomers themselves, this outcome is not guaranteed.

With that in mind, our work on immigration is intended to ensure three things:

- Canada remains an attractive location for highly skilled immigrants.
- Immigration results in positive outcomes for newcomers and leads to greater prosperity for all Canadians.
- Immigration continues to enjoy broad public support in Canada.

The bottom line

Increasing immigration targets is not enough to bring about overall prosperity and growth to Canada.

To reinforce the connection between immigration and positive economic outcomes, we need two things: first, that we have the right policies in place to ensure that Canada attracts the highest-skill and most valuable immigrants, and second, that those newcomers are given all the tools and supports they need to be successful.

This paper was a review of Phase One of our work on immigration. It provided an overview of the key findings from each of our major publications from this stage of the project.

Looking ahead, we will use the findings from Phase One to inform this project's second phase: the development of an action plan to improve immigrant selection and outcomes. This plan will ensure Canada's immigration strategy is focused on improving the long-term prosperity, well-being, and quality of life of all Canadians, including the newest Canadians.

We call it Prosperity-Driven Immigration for Canada.