

# HUMAN CAPITAL LAW AND POLICY



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## IMMIGRATION IN BC: A COMPLEX TAPESTRY

### HIGHLIGHTS

- Immigration remains a key element in building a skilled workforce in BC and will play an even more significant role in the coming decade as the ranks of retiring baby boomers swell.
- In recent years, the number of immigrants coming to BC has been lower than historic averages.
- Where immigrants choose to settle is more evenly spread across the provinces than is widely believed. In this regard, Alberta now attracts more immigrants than BC. And once adjustments are made for differing population sizes, BC is a middling performer in terms of the relative impact and lift to population and labour markets from immigration.
- Comparatively high rates of emigration coupled with a smaller share of emigrants who return to the province dampen the overall increase in population attributable to immigration in BC.
- Immigrant admissions in the economic category are particularly important in helping employers meet labour needs. The Provincial Nominee Program, one of the pathways to permanent residency in the economic immigration category, is especially helpful for employers looking to hire high-skilled individuals from other countries in an expedited manner.
- Taking the different population sizes into account, BC has proportionally fewer admissions of Provincial Nominee Program (PNP) immigrants than most other provinces.
- The provincial government has worked with the federal government to increase BC's PNP allotment, but given BC's low per capita numbers of admissions we believe there is scope to significantly increase BC's PNP quota.

Immigration has long played a central role in BC's labour market and economy more generally. As our population steadily ages and more baby boomers retire and exit the workforce, immigration is poised to be an ever bigger factor in the evolution of the labour market. Given the demographic landscape, attracting talent from other jurisdictions will be increasingly important. The degree to which BC is able to develop a workforce to enable our companies to grow and compete depends in large measure

on our ability to attract skilled individuals from abroad.

What follows is a review of immigration. Most of the focus is on BC, but for context and to tease out a few potential policy implications, some comparisons are made with other provinces. This review examines statistics on how many immigrants arrive each year and the different immigration pathways to permanent residency.

Some of the numbers and findings may come as a surprise to readers. For one thing, over the past four or

five years immigration to BC has been running at **below average** levels. Immigration is much more evenly dispersed across Canadian provinces than is commonly believed, once population size is taken into account. Also, on a population adjusted basis, most other provinces have been receiving more immigrants through the provincial nominee stream than BC. With the growing importance of economic immigrants and the role of provincial nominee program, in particular, in helping employers fulfil their labour needs,

this comparative “underperformance” is concerning. From our perspective, the BC government should continue to press Ottawa for a significantly larger quota of provincial nominee immigrants.

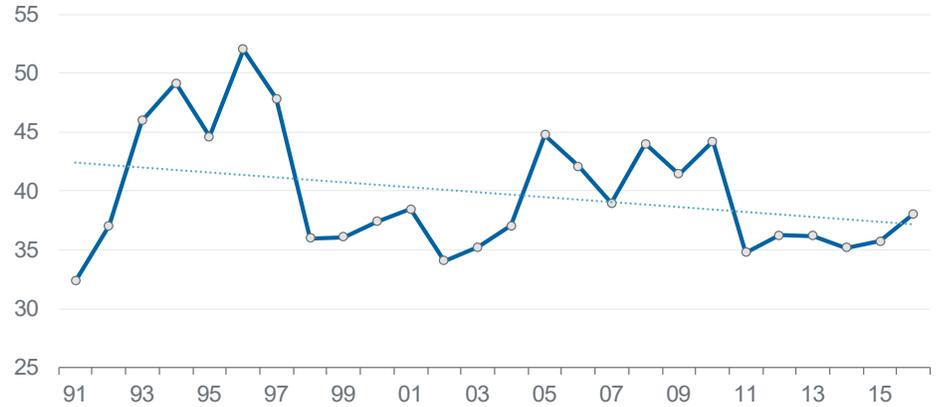
## INTERNATIONAL MIGRATION PATTERNS

The total number of international migrants coming to BC has trended down slightly over the past 25 years. At least, that is the case if a trend line is drawn through the annual number of immigrants between 1991 and 2016. Perhaps a more accurate interpretation is that the immigration numbers were unusually high in the mid-1990s, and apart from that brief period, immigration to BC has run between 35,000 and 45,000 a year. Either way, BC’s immigration numbers over past six years have been towards the lower end of the historic range.

A seldom discussed dimension of international migration is **emigration** – which occurs when BC residents move to the United States or overseas. Every year thousands of people leave BC for other countries. In contrast to the international inflows, the number of people emigrating from BC has increased and is now roughly double its level 20 years ago. In recent years, around 13,000 people have departed BC for other countries each year, offsetting more than one-third of the annual inflow of permanent immigrants.

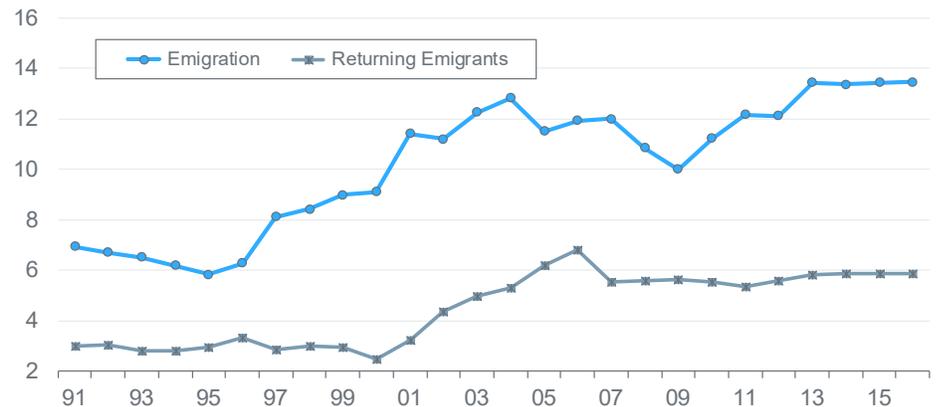
There are also people who previously left BC but then returned. Not surprisingly given the rising emigration trend, the number of returning emigrants has also increased over the past couple of decades. But emigration (the

FIGURE 1: BC IMMIGRATION (000s)



Source: Statistics Canada, CANSIM table 051-0037.

FIGURE 2: BC EMIGRATION (000s)



Source: Statistics Canada, CANSIM table 051-0037.

outflow) has grown more quickly, so on a net basis BC is losing more people to other countries than we were in the past. In some years the number of returning emigrants amounts to about half of the emigration outflow. Add it all up, and over the past decade net emigration has ranged between 4,400 and 7,600 per annum. Last year, the net emigration outflow from BC was just over 7,500, which means after taking returning emigrants into consideration, emigration currently offsets about 20% of immigration.

Note that these data refer to permanent international movements and do not capture people coming from other countries on a temporary basis or people moving to BC from other provinces.

Information on who emigrates is limited. But with the majority of emigrants being working-age (almost 70% are between the ages 24 and 64), it is reasonable to conclude that it is mainly motivated by employment or other economic opportunities and reflects in some

respects a “brain drain” from Canada/BC. Emigrants who return to BC may blunt this brain drain effect to a degree. The age profile of this latter group is similar to that of emigrants, although it is skewed more towards those under age 17 and 18 to 24 year olds. The key point here is that the net increase in the province’s population attributable to international migration flows is less than the raw immigration numbers suggest due to emigration. To what extent the pool of high skilled immigrants in BC is being partially drained as a result of emigration is unclear.

## INTERNATIONAL MIGRATION TRENDS ACROSS THE PROVINCES

A widely-held belief is that the majority of immigrants coming to Canada settle in Montreal, Toronto and Vancouver, which in turn would suggest that Quebec, Ontario and BC absorb the lion’s share of all new immigrants. The reality, however, is quite different. Immigration is spread fairly evenly across Canada, particularly after adjusting for population size.

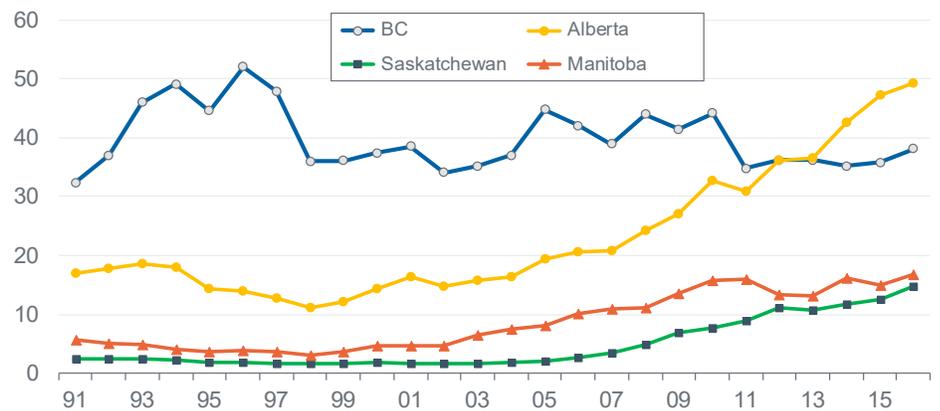
Looking simply at the aggregate inflow of immigrants reveals that the last decade has seen a significant change in immigration patterns. Notably, the number of immigrants settling in Alberta has risen markedly. Despite tough economic times in the wake of the collapse in oil prices, over the past three years Alberta attracted more permanent immigrants than BC. In 2016, nearly 50,000 newcomers settled in Alberta, whereas BC welcomed 38,000. Saskatchewan and Manitoba have also experienced strong gains in

immigration, but with much smaller populations (about one quarter of BC’s), immigration to both provinces still remains well below BC’s level in absolute terms.

Figure 4 below shows the number of immigrants settling in each province in 2016. With the shifting migration patterns in Western Canada, BC now ranks fourth among the provinces, after Ontario, Alberta and Quebec. To properly gauge the influence of immigration on provincial populations and labour markets, however, it is necessary

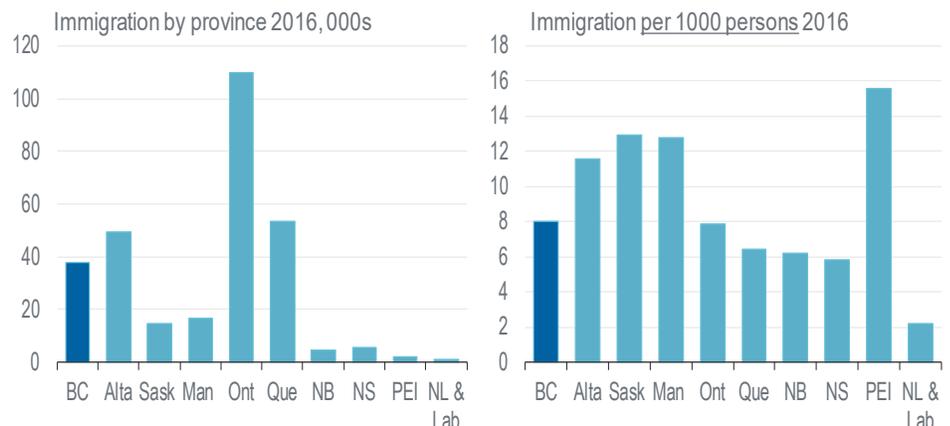
to adjust for population size. The right panel of Figure 4 presents the same immigration numbers, but on a per capita basis (per 1,000 persons). The first thing to note is that once we adjust for population size, immigration is much more balanced across the country than is commonly believed. Ontario, which receives the largest number of immigrants, is essentially even with BC after adjusting for population size. Surprisingly, after taking population into account, Saskatchewan and Manitoba receive relatively more

FIGURE 3: IMMIGRATION TO WESTERN PROVINCES (000s)



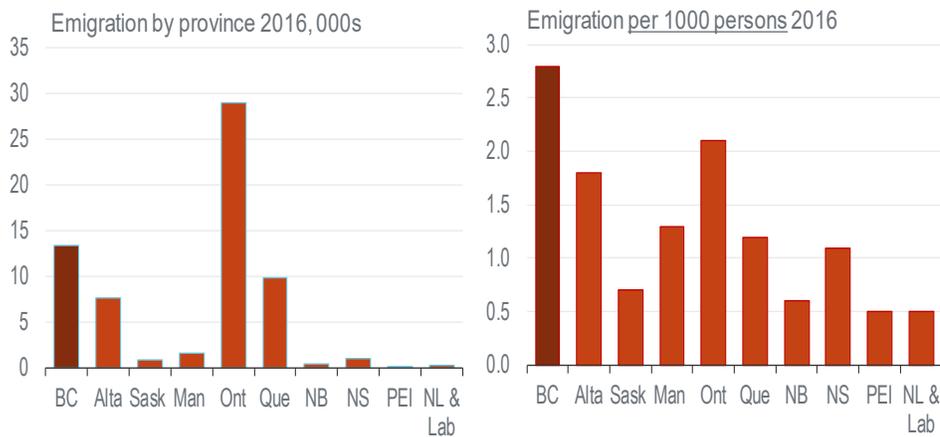
Source: Statistics Canada, CANSIM table 051-0037.

FIGURE 4: IMMIGRATION BY PROVINCE, ACTUAL AND ADJUSTED FOR POPULATION



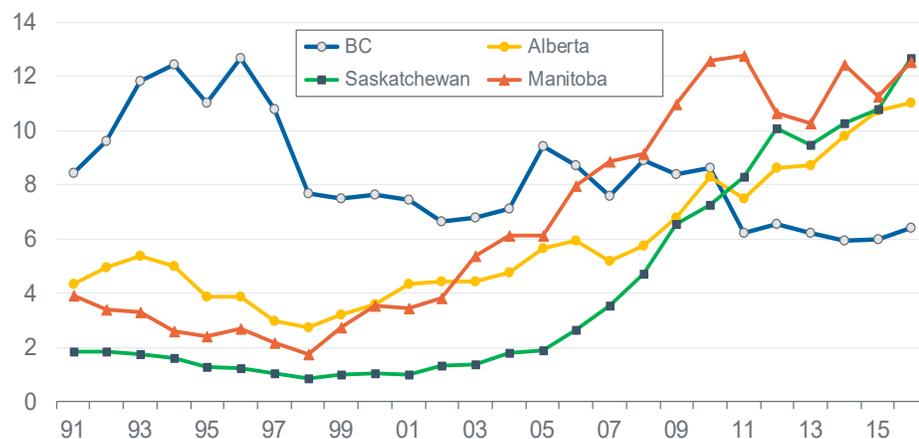
Source: Statistics Canada.

FIGURE 5: **EMIGRATION BY PROVINCE,  
ACTUAL AND ADJUSTED FOR POPULATION**



Source: Statistics Canada.

FIGURE 6: **NET INTERNATIONAL MIGRATION PER 1000 PERSONS,  
WESTERN PROVINCES**



Note: Net international migration is immigration less emigration plus returning emigrants.

Source: Statistics Canada.

immigrants than BC. Even more surprising, PEI emerges as the most “immigration intensive” province in the country as of 2016!

Figure 5 provides data on emigration, or the outflow of Canadian residents to other countries. As with the previous figure, it also shows the raw numbers of emigrants as

well as the population-adjusted figures. By either measure, BC has a relatively high number of emigrants. The population-adjusted figures underscore that fact that emigration has a larger impact on BC’s economy and labour market than it does in other provinces.

Despite having the highest rate of

emigration, BC also stands out for having one of the lower rates of returning emigrants. After adjusting for population size, Alberta, Manitoba and Ontario each have proportionally more returning emigrants than BC does. So, with a fairly high rate of emigration and a comparatively small group of returning emigrants, the lift and gains to BC’s labour market from immigration are tempered by emigration to a greater degree than in other provinces.

## NET INTERNATIONAL MIGRATION

Net international migration reflects the annual net inflow of people to the province from international sources. As the above discussion suggests, it is the number of people who arrive in the province from other countries less the number of BC residents who re-locate to other countries, plus (previous) emigrants who return to BC.<sup>1</sup> This measure of “net immigration” does not include interprovincial migration or temporary foreign workers or students.

Looking at “net immigration” in the Western provinces provides further confirmation that immigration patterns have changed in Canada and that new immigrants are now a bigger factor in the economies of the other Western provinces than in BC. A decade ago, net international migration to BC on a per capita basis was higher than in the three prairie provinces. But by 2011, all three prairie provinces had become more “immigration intensive” than British Columbia, and by 2016 each was receiving a net increase of roughly 12

<sup>1</sup>Note that in tracking the international movement of people, as noted there are temporary workers and other non-permanent residents as well as people who are temporarily abroad. Here our focus is on permanent residents so both of these categories are not included in the discussion.

immigrants for every 1,000 persons compared to 6.4 in BC.

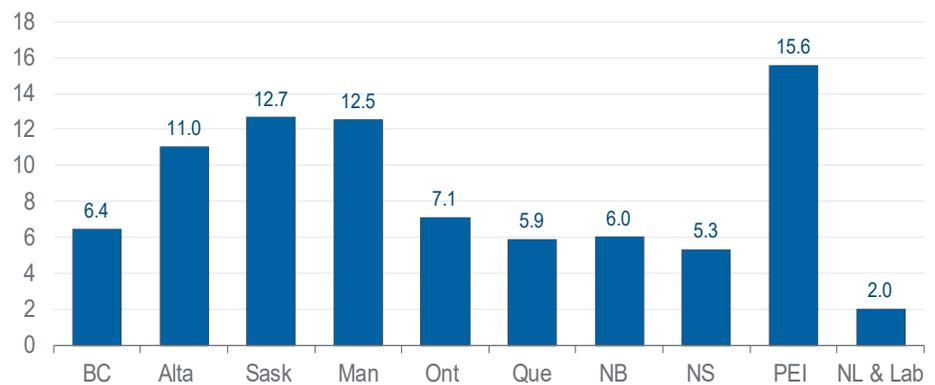
Extending the per capita comparison of net immigration to all ten provinces shows immigration is having the greatest impact in tiny PEI. The three prairie provinces are roughly grouped together in terms of the population boost they are receiving from net immigration. And apart from Newfoundland and Labrador, the remaining provinces are clustered together, with the net inflow of immigrants having roughly half the impact on their respective populations as is the case in the three prairie provinces.

## CATEGORIES OF IMMIGRATION

There are three main categories of immigration: family class, economic immigrants and refugees. Based on a tracking of admissions and the reporting of intended destinations, 22,160 new economic immigrants settled in BC in 2015, which amounts to more than 62% of all permanent immigrants in that year. Refugees comprise 6% and the family class another 31%. Below we focus on economic immigration because it is most closely linked to the labour market. While most immigrants ultimately participate in the job market, the economic category is designed in part to help meet immediate labour market demands, and is especially important for employers looking to hire high-skill individuals.

Within the economic immigration class there are several streams, the most significant of which are the skilled worker class, the Canadian experience class, provincial nominees, and live-in caregivers. It

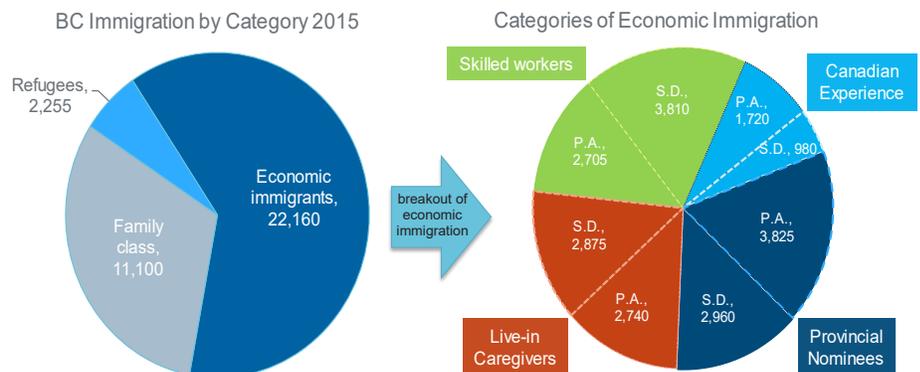
FIGURE 7: NET INTERNATIONAL MIGRATION PER 1000 PERSONS BY PROVINCE, 2016



Note: Net international migration is immigration less emigration plus returning emigrants.

Source: Statistics Canada.

FIGURE 8: BC IMMIGRATION BY CATEGORY



P.A = primary applicant; S.A. = spouses and dependants

Note: Entrepreneur, investor, and skilled trades categories not shown. Combined the three categories had 525 admissions in 2015.

Source: Citizenship and Immigration Canada, <http://www.cic.gc.ca/english/resources/statistics/index.asp>.

is important to understand that within each of these streams there are principal applicants and spouses and dependants (note that in Figure 8, P.A. stands for principal applicant and S.D. for spouses and dependants). In some streams, there are more principal applicants while the reverse is true for others. Collectively, however, for economic immigration overall the number of principal applicants and the number of spouses and dependants is

roughly equal. While spouses and dependants (once they finish their schooling) may participate in the job market, for analytical purposes it is reasonable to expect that only half of economic immigrants coming to BC (the principal applicants) will enter the labour market in the short-term. Some accompanying spouses will also find work, but the timing, attachment to the labour market and skill levels of these individuals are impossible to know.

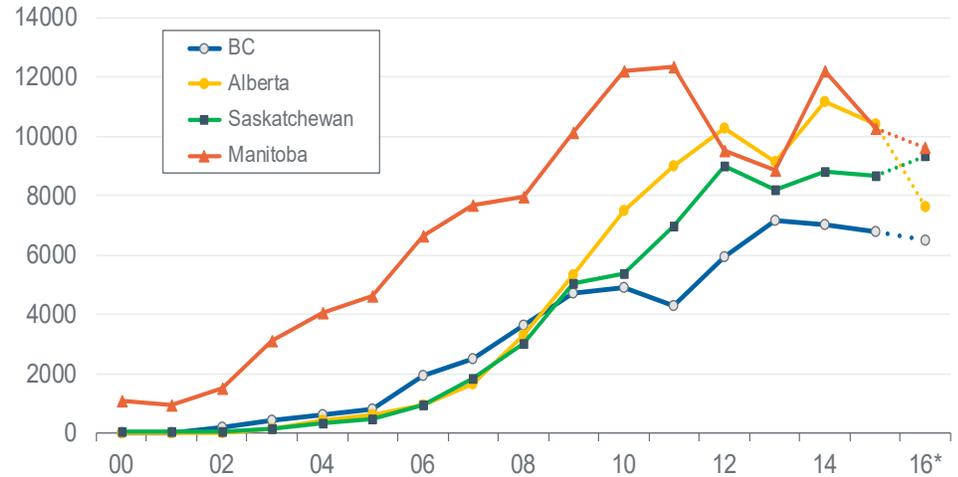
## PROVINCIAL NOMINEE PROGRAM

The provincial nominee program (PNP) is of interest to the business community because it has proven to be an effective way for employers to expedite the permanent residency process for skilled individuals they wish to hire. Under the program, employers can identify foreign residents with the required skill set and “nominate” them to become a Canadian citizen. The pathway to permanent residency is greatly accelerated, which is often crucial in sectors competing globally for talent or when a particular individual is vital to growing a company.

The number of permanent residents admitted to BC under the PNP program has risen since it was introduced and the program is now an integral part of the government’s strategy for meeting the province’s labour market needs. The PNP is jointly administered and managed by the provincial and federal governments. The provincial government has effectively negotiated higher quotas for BC. However, when we compare BC with other provinces, it is evident that there is a solid case for expanding the scope of the PNP program in British Columbia.

Starting again with the raw numbers, since 2011 Manitoba, Saskatchewan and Alberta have all had higher PNP admissions than BC. This appears to also be the case in 2016, although this is based on year-to-date admissions through November. The BC government notes that it has secured a PNP quota that is now higher than these other provinces, but so far this has not translated into BC surpassing the prairie provinces

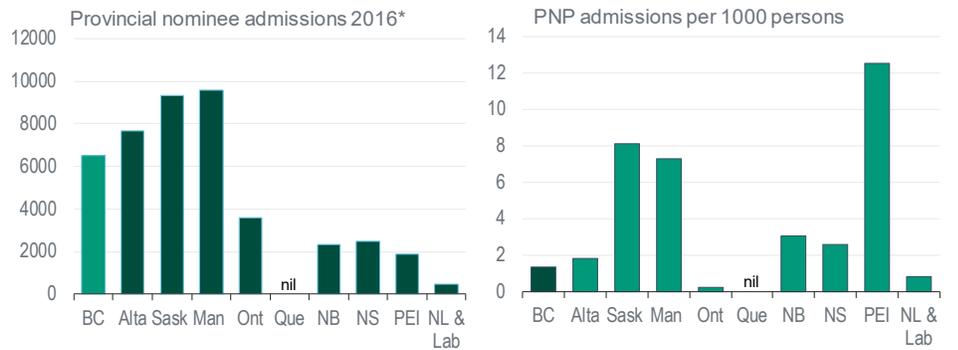
FIGURE 9: PROVINCIAL NOMINEE ADMISSIONS IN WESTERN PROVINCES



\* 2016 are year-to-date figures covering January to November.

Source: Citizenship and Immigration Canada, <http://www.cic.gc.ca/english/resources/statistics/index.asp>.

FIGURE 10: PROVINCIAL NOMINEE PROGRAM ADMISSIONS 2016\*



\* Year-to-date figures covering January to November.

Source: Citizenship and Immigration Canada, <http://www.cic.gc.ca/english/resources/statistics/index.asp>.

in actual PNP admissions.

As with overall immigration levels, the more relevant metric is the number of PNP admissions relative to the size of provincial populations. After adjusting for population, BC is somewhat of a laggard in PNP admissions. On a per capita basis, BC ranks seventh among the nine provinces that have PNP

programs (Quebec administers its own immigration and does not have a PNP agreement with the federal government). Interestingly, on a proportional basis, PEI makes the most use of the PNP program. And the scope of the PNP in Saskatchewan and Manitoba is about four times greater than it is in BC on a population-adjusted basis.

## SUMMARY THOUGHTS AND POLICY IMPLICATIONS

Attracting immigrants is an essential part of any forward-looking labour market strategy for BC. Our province has a long tradition of welcoming newcomers, and immigration is a key driver of population growth. However, the dynamics of immigration have shifted, especially in Western Canada. BC's total permanent immigration numbers are lower than in the past and Alberta has emerged as a magnet for immigrants. Furthermore, when population size is factored into the analysis, BC is very much a middling performer in terms of the number of immigrants we attract.

The relatively high rate of emigration in BC is likely a bit of a “double-edged sword.” Given the age profile of the typical emigrant, there is clearly an element of skill loss or “brain drain.” To some extent this is compounded by the comparatively low number of emigrants who return to BC. However, these international flows also enhance international connections. And for the emigrants who do return to BC, many will come with new knowledge and valuable linkages to other markets.

Over the past decade the federal and provincial governments have worked to put more emphasis on economic immigration. And within this category there is now a better alignment with labour market needs. More immigrants are arriving in Canada under the skilled worker stream, and since its inception in 2009 the Canadian Experience Class has expanded from nil to become a pathway for more than 2,700 BC immigrants.

Having said that, there is scope for BC to receive a larger share of the Canadian PNP quota. As the most populous Western province, it is odd that we continue to receive the fewest PNP admissions. Remedying this situation should be a priority for BC policy-makers going forward.

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