

Patrick Grady  
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## Speaking Notes on “Immigration Application Backlogs in Light of the *Action Plan for Faster Immigration*” for the SCIMM

### The Issue of the Backlog

- The real problem is that the 250,000 or so immigration level is too high and exceeds the Government’s capacity to select immigrants capable of succeeding in Canada’s labour market.
- The backlog is symptom of this larger problem, but it is also a problem in its own right because it makes the Government’s task even more difficult.
- The current Government has acted responsibly by passing Bill-C51 amending the IRPA and implementing an *Action Plan* to deal with the escalating backlog. Indeed it had little choice.
- However, there are real questions about the effectiveness and efficiency of the *Action Plan* and of its administration.

### The Data on the Backlog

- Don’t know anything about immigration application backlog except what the Government revealed in Background document for recent consultations released late last summer (CIC, 2011b).
  - The Government has not been very transparent in providing information on the backlog.
  - The applications backlog only provides data as of December 31, 2010.
  - It contains no information for 2011 even though the Government was concerned enough about it to issue the third set of MI under the Action Plan in mid-year.
  - The information in the application backlog is very partial and only provides data on end of year stocks and not on flows, which are needed for proper analysis.
  - Doesn’t the GCMS provide the required information?
  - The categories used are not the same as those used in the immigrations levels plan and in the summary tables for admissions of permanent and temporary residents.
- There are many questions that need answers for informed policy-making: countries of origin of the people in backlog, their education levels, their age, their language abilities, their job skills and experience, their assets, the time in backlog.
- The data for the estimated years of admissions for the current immigration inventory is not very meaningful as it only shows the years in the backlog on the basis of the patently false assumption that there is no new intake after March 31, 2011.
- It does not provide a very good indicator of how long people in some of the more important categories are likely to have to wait to be admitted if they will ever be admitted at all.

### **The Government's Failure to Meet Its Objective to Reduce the Backlog**

- When the Government introduced the Action Plan, its specified objective was “to reduce the FSW backlog of 641,000 persons by 50% by 2013 – and shorten wait times from 6 years to 6-12 months.”The Government claims it has met its objective because the pre-2008 FSW backlog has gone down to approximately 316,000.
- But by the end of 2010 the whole FSW backlog was only down to 539,936 and the wait time for FSW was still over 5 years.
- And worse the total backlog, after declining slightly in 2009, was still around a million.

### **Why Hasn't the Backlog Gone Down?**

- Federal Government only directly controls a small portion of the flows into (applications accepted) and out of the backlog (admissions).
  - Quebec has own program.
  - The Federal Government has made commitments under PNP.
  - The Federal Government has been slowly relinquishing its ability to control over immigration.
- Has only applied MIs to Federally-selected Economic Class immigrants like FSW and business immigrants.
- Inflow has already been cut to a very low level (new FSW applications of 10,000 per year after July 1, 2011, cap of 700 on Federal Investors Program, and moratorium on new applications under Federal Entrepreneur Program.
- Backlog of parents and grandparents has increased by almost a half since 2008 (54,301) compared to an annual target range of around 15,250).
- The wait time for parents and grandparents with no new applicants after March 2011 was estimated at 7 ½ years and is probably higher now.

### **Specific Critical Observations on the Backlog**

- The backlog of FSW is being cherrypicked by the Government by applying the MI with respect to occupational categories and job offers.
  - Those FSW remaining in the backlog are likely to be the least desirable and least likely to succeed in the labour market.
  - They are also likely to be significantly older (at least 5 years) than when they were selected further disadvantaging them in the labour market and enhancing their chances of falling into poverty.
- The cap on FSW applications and the occupational filter is not a very good way to select the immigrants who will make the greatest contribution to Canada's economy.
- Rather it represents a very bureaucratic approach to what is the serious economic problem of the poor performance of recent immigrants and the Government's lack of success in selecting immigrants that do well in the labour market.
- It excludes what may be much more highly qualified new FSW applicants in favour of older and less attractive pre-2008 applicants.

- While the arranged employment override is a step in the right direction, it seems to be weighted in favour TFWs and doesn't seem to clearly make a distinction about the quality of the job.
- The growing number of applications for **parents and grandparents** will be expensive for Canada if all are admitted.
  - Older immigrants that don't have to meet the education, job skills, or language requirements of SWs will probably never be integrated in the labour market and will require additional government social spending.
  - They will also inflate health spending (according to a recent C.D. Howe study by David Dodge and Richard Dion (2011) the per capita cost \$7,330 for men 65-74, \$12,690 for 75-84, and \$20,730 for 85 and over, summing to over \$200,000 over the 20 years from 65 to 84; and \$6,400 for women 65-74, \$12,080 for 75-84, and \$23,360 for 85 and over, totalling \$184,800 over the 20 years from 65 to 84).
  - Taking into account the lower average health cost of women, and again assuming that the parents and grandparents live for 20 years after 65, the admission of the parent and grandparent backlog would **cost Canada \$31.8 billion** during their senior years (using the more recent 165,000 backlog figure provided by the Minister to the Committee [CIC, 2011d]).
- While the number of **live-in caregivers** in the backlog is relatively small at 28,771, it is hard to understand why there is a need for such a program at all particularly given that 40 per of them come to work for relatives in Canada, and the rest presumably work for upper income people who should be able to afford to pay for their own expensive at-home child care without government assistance.
  - And once live-in-caregivers acquire permanent residence status after two years, they are entitled to bring in their family who are not required to meet the usual selection criteria.
  - While I don't have the data, it would be my guess that immigrants coming into Canada as a result of this program probably have very low incomes and high poverty rates.

### **The High Fiscal Cost of Allowing Everyone in the Backlog In**

- The Government has never informed the public that it would be very costly to eliminate the backlog by admitting all those in it to Canada.
- Canadians have been lead to believe that the greater the number of immigrants the greater the economic benefit.
- That this is false should be obvious from the Government's reluctance to take the steps needed to bring the backlog down as promised.
- A rough estimate of the cost of letting all of the applicants in the backlog in can be calculated by applying the \$6,000 annual per capita fiscal cost of recent immigrants from 1987 to 2004 estimated in the study Herb Grubel and I did (Grubel and Grady 2011) to the one million prospective immigrants in the backlog, which yields **an annual cost of \$6 billion or \$60 billion over the next ten years.**
- The \$6,000 per capita cost results because recent immigrants earn less and pay lower taxes than other Canadians and receive approximately the same level of government benefits.

- And this assumes that the applicants in the backlog will do as well as recent immigrants, which is a dubious assumption given that the backlog has already been cherry picked and the prospective immigrants are probably older than other recent immigrants were at the time of their arrival and will thus have less time to participate in the labour force before retirement.
- This is, of course, in addition to any fiscal cost resulting from the continuing inflow of 250,000 immigrants a year which has been insufficient to make a dent in the backlog.

### **Clearing the Backlog Would Also Boost Poverty**

- Letting in everyone in the backlog would also increase the number of Canadians living in poverty and further raise income inequality in Canada, which are concerns of many Canadians and have been mentioned by some commentators as motivating factors behind the Occupy Wherever movement along with economic insecurity and unemployment.
- If the million or so immigrants in the backlog were to do as well as other recent immigrants (according to the 2006 Census), **26.4 per cent or 265,000 of them would still be below the LICO after 5 years.**
- This would raise the total number below the LICO by 7.7 per cent and raise the rate by 0.9 percentage points (using data on number of individuals below LICO from Statistics Canada, 2011).
- Clearing the backlog would thus further **undermine the Canadian Welfare State** that is so cherished by the protestors and indeed all Canadians.

### **The Government's Strategy for Dealing with the Backlog is not working**

- The Government's strategy for dealing with the backlog seems to involve small steps to reduce it and lots of hope that it will go away on its own.
- Given the upcreep in the backlog, it's obviously not working.
- Using caps on applications is also undermining the performance of economic class immigrants by excluding many wanting to apply for immigration now in favour of those older immigrants accepted in the past under a less demanding selection system.

### **A Radically New Approach is Required**

- The Government should conduct its immigration policy to maximize the potential economic benefits from immigration.
- The levels plan for immigration levels should be set at a much lower level, which is consistent with Canada's ability to attract immigrants capable of succeeding in Canada's labour market and which doesn't bring in so many immigrants that they have trouble getting established and integrating.
- But, in order to pick the best immigrants, it also needs to consider the applications of all people wanting to immigrate to Canada and select the absolute best applicants who will do well economically and contribute the most to the country, not to set arbitrary caps on applications.
- And the selection criteria need to be revised to discriminate more effectively among the applicants based on their education and job skills.
- The Government also needs to carry out a thorough review of all applications in the inventory on a priority basis and to make some decisions on who will ultimately be admitted.
- It's not fair to leave so many people in limbo for so long.

- Only those who appear to have the education, job skills, and language abilities required to succeed in Canada's competitive labour market and who have a reasonable prospect of paying their own way should be admitted as economic class immigrants.
- And only spouses and dependent children should be admitted as family class, and certainly not parents and grandparents except in the rare cases where their children are financially able to assume all the costs.
- The live-in caregiver program, which brings in so many people who perform poorly, should be scrapped.
- And, of course, genuine refugees still have to be taken in as required by our international commitments, which is a separate issue.
- Those who the Government decides shouldn't be admitted should have all their application fees paid refunded with interest.
- That's the best way to deal with the backlog, not to let it become an overwhelming obstacle to a sensible immigration policy, which will provide maximum economic benefits to Canada.

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