



Brief to the Standing Committee on Finance

2011 Pre-Budget Consultations

Submitted by the Ontario Council of Agencies Serving Immigrants

Executive Summary

Spending Priority: Support the effective economic, political and social integration of immigrants and refugees.

Recommendation 1: Ensure stable and adequate funding of settlement and integration services by continuing funding at the 2011-2012 levels.

Cost: \$640 million per year (excluding Quebec) based on 2011-12 funding levels.

Recommendation 2: Adopt a tax credit strategy to encourage small and medium employers to hire immigrants in good quality employment.

Cost: Up to \$350 million in years 1 & 2, and up to \$500 million a year thereafter. These costs will be off-set in the short and long run through increased income taxes payments by the immigrant participants because of higher income levels.

Recommendation 3: Improving the Employment Insurance system by reducing the number of qualifying hours to 360 in all regions, calculating benefits on workers' 12 best weeks of earnings within the previous 52 week period, increasing benefits to at least 60 percent of workers' earnings, and eliminating the two-week waiting period before being able to apply.

Introduction

The Ontario Council of Agencies Serving Immigrants (OCASI) is the province-wide umbrella Council for agencies working with immigrants and refugees. OCASI was formed in 1978 to act as a collective voice and to coordinate responses to shared needs and concerns. The Council is a registered charity governed by a volunteer board of directors. Its membership is comprised of more than 220 community-based organizations in the province of Ontario.

Background

In 2010, 280,681 new permanent residents landed in Canada. Immigrants and refugees have a prominent and important role in the economic, political and social success of Canadian society, as noted by Minister Jason Kenney in his report to Parliament in 2010. Within the decade, immigration is projected to be the sole source of Canada's labour force growth¹. It is expected to account for over two thirds (67.5%) of the population increase by 2015² and 100% of the population increase sometime after 2025³. A study released by the Conference Board of Canada in 2010 found that immigrants drive innovation and economic growth. For example, although immigrants represent about 20% of Canadian population, 35% of university research

¹ <http://www.cic.gc.ca/english/department/media/releases/2008/2008-03-14.asp>

² HRSDC. (2006). Looking-Ahead: A 10-Year Outlook for the Canadian Labour Market (2006-2015).

³ Statistics Canada. (2009). "Population Projections for Canada, Provinces and Territories: 2009 to 2036".

chairs are foreign-born. The study's model also suggests that a one-percentage-point increase in the number of immigrants could increase imports by 0.21 per cent and raise exports to countries of origin by 0.11 per cent.⁴

Despite the crucial role immigrants play in expanding the vitality of Canada's economy, they face many barriers to their effective economic integration that impact their long-term labour market outcomes, such as the lack of recognition of their international education, skills and employment experience. The change in immigration source countries resulting from more equitable immigration policies have led to an increase in immigrants of racialized background. Racialized immigrants are particularly affected by colour-coded systemic barriers that undervalue education and training acquired in the global south where racialized residents predominate. Other systemic barriers such as racial discrimination in the labour market and elsewhere have a real impact on their opportunities for effective labour market integration. As a result, immigrants, particularly those who are racialized, are over-represented among the working poor in Canada⁵.

A 2009 Statistics Canada report found that both new and established immigrants had lower quality employment compared to Canadian-born individuals. In addition to significant wage gaps, immigrants were more likely to be working involuntarily in contingent work, including part-time and temporary jobs, short-term contracts, piecework and other precarious arrangements, and were less likely to have access to an employer sponsored pension plan and life insurance coverage than their Canadian-born counterparts.⁶

The recent recession affected immigrants first and most severely, and in particular recent immigrants in the country for less than 5 years. In November 2008, the unemployment rate for Canadian-born individuals was just under 5%, compared to just over 6% for all immigrants and 10% for recent immigrants in Canada less than 5 years. By November 2011, the unemployment rate of Canadian-born individuals was 5.4%, compared to 8.9% for all immigrants and 14.9% for recent immigrants⁷. A very possible second recession will only continue to magnify these disparities in labour market outcomes.

In 2007, the University of Toronto held a Roundtable on Economic Competitiveness and Social Inclusion in the City of Toronto, which found that there is an important link between the full economic participation of residents and social cohesion. It found that social supports and community infrastructure investment play an important role in moving forward an economy. The services provided, and the research and advocacy work done by the immigrant and refugee serving sector are crucial to the successful integration of immigrants and refugees. We need these investments to remain economically competitive at the local, national and international levels.

OCASI's spending priority is to support the effective economic, political and social integration of immigrants and refugees. Based on the facts described above, OCASI recommends the following:

⁴ <http://www.cbc.ca/news/business/story/2010/10/15/immigration-innovation-report.html>

⁵ Sheila Block and Grace-Edward Galabuzi. (2011). "Canada's Colour Coded Labour Market".

⁶ Jason Gilmore. (2009). "The 2008 Canadian Immigrant Labour Market: Analysis of Quality of Employment".

⁷ TIEDI. (2011). "July 2011 TIEDI Labour Force Update".

Recommendation 1: Ensure stable and adequate funding of settlement and integration services by continuing funding at the 2011-2012 levels.

The immigrant and refugee-serving sector in Canada experienced a budget cut of \$53 million in 2011, with almost \$44 million in Ontario alone, as a result of the Strategic Review that sought to cut 5% from Citizenship and Immigration Canada's (CIC) budget. Across the province, 35 initiatives/agencies lost all CIC funding and many more lost a significant portion of their budgets. With another Strategic Review announced for this year, the sector is bracing itself for more cuts.

These significant cuts to the services and programs of the Ontario sector were unwarranted and short-sighted. The Ontario sector has been unnecessarily disrupted with the biggest impact on already vulnerable individuals, families and communities. Of the thirteen OCASI member agencies that were previously funded and did not receive a CIC contract for 2011-12, almost 50% (6) are organizations that work directly with racialized communities. And of those six, four are organizations working with African communities.

Intentional or not, this disinvestment in integration programming differentially impacts communities that have been hardest hit by the recent recession and who have historically been over-represented in groups experiencing under-employment, regardless of comparable education and employment histories, and who because of issues of discrimination are critically marginalized socially, politically and economically.

To fully appreciate the impact of the cuts in Ontario, it is important to examine them within an historical perspective. For over a decade (1995-2005), the federally funded immigrant and refugee serving sector in Ontario experienced funding stagnation while program and service delivery costs increased, the demands and requirements for effective settlement and integration interventions became more complex, and the accountability requirements from government became increasingly strenuous. The Canada-Ontario Immigration Agreement (COIA), a 5 year agreement signed in November 2005, recognized this historical imbalance in the federal program and attempted to remedy the underfunding of Ontario's immigrant and refugee serving sector through the infusion of funds for services and program delivery that recognized real costs. The decision to claw back these funds from the Ontario Region budget fails to recognize the redress that was built in to COIA.

In a period when the Province, municipalities and foundations like the United Way are facing fiscal challenges themselves, the Federal government who maintains responsibility for the economic and social integration of newcomers to Canada (and who continues to maintain control over the administration of the settlement and integration program in Ontario) must not further exacerbate the difficulties that new Canadians are experiencing in their journey by reducing even more support for the programs that facilitate their successful integration.

A further cut in funding, at a time when agencies are supporting communities hardest hit by the recession and with the real possibility of a second, could have serious consequences for the sector's continued stability and ability to effectively meet the settlement and integration needs of immigrants and refugees.

Cost of Recommendation 1: \$640 million per year (excluding Quebec) based on 2011-12 funding levels.

Recommendation 2: Adopt a tax credit strategy to encourage small and medium employers to hire immigrants in good quality employment.

Though recent immigrants have higher education levels than Canadian-born individuals and previous immigrant cohorts, they experience lower earnings and higher rates of unemployment and under-employment. Research demonstrates that international education and work experience is discounted by employers, relative to Canadian education and experience, by 30 and 66 percent, respectively⁸. The Conference Board of Canada estimates \$2.3 billion in lost wages annually as a result.⁹

Research by Statistics Canada, Galabuzi, Toronto Region Immigrant Employment Council (TRIEC) and Ontario's Fairness Commissioner has demonstrated that addressing many of the employment barriers lies as much, if not more, with employers. Working with employers, for example educating them about the value of international education and experience, or encouraging and assisting them in setting up internships, has proven to be an effective strategy. This work, in conjunction with work done on the ground with immigrants by community-based service agencies, creates a win-win approach to labour market success. This work needs continued support.

OCASI is encouraged that the 2011 Budget provided relief on Employment Insurance (EI) premiums to small businesses that create new jobs. However this is only a one-time tax credit of up to a disappointingly low amount of \$1000. The Council would like to see more support for small and medium size businesses who hire new immigrants to fill new and existing job positions.

Thus OCASI recommends adopting a tax credit strategy to encourage small and medium employers to hire immigrants in good quality employment, which means employment that is commensurate with the education, skills, and experience of the immigrant and that provides fair and equitable pay. This strategy will improve the long-term labour market outcomes of new immigrants by helping them gain entry to meaningful employment. The tax credit strategy would provide up to \$5,000 per new immigrant hire.

- To qualify, employers with less than 100 employees would be required to provide a full-time position commensurate with the skills and experience of the immigrant employee;
- Employers would receive a one-year rebate on the employer contributions for the Canada Pension Plan and Employment Insurance premiums for each new immigrant employee hired;
- Employers that keep a new immigrant employee for 24 months or more would be eligible for a retention bonus - a \$1,500 non-refundable tax credit;
- This tax credit strategy would help 100,000 new immigrants a year find good quality employment.

Cost of Recommendation 2: Up to \$350 million in years 1 & 2, and up to \$500 million a year thereafter.

⁸ Naomi Alboim, Ross Finnie and Ronald Meng. (2005). "The Discounting of Immigrants Skills in Canada: Evidence and Policy Recommendations". IRPP Choices, 11:2.

⁹ Conference Board of Canada. (2001). "Brain Gain: Economic Benefits of Recognizing Learning and Learning Credentials".

Recommendation 3: Improving the Employment Insurance system by reducing the number of qualifying hours to 360 in all regions, calculating benefits on workers' 12 best weeks of earnings within the previous 52 week period, increasing benefits to at least 60 percent of workers' earnings, and eliminating the two-week waiting period.

OCASI was pleased that the 2011 Budget extended two EI pilot projects for a year (project to base benefits on the best 14 weeks of earnings in 25 high unemployment regions, and the 'Working while on Claim' project which allows workers more flexibility to combine EI with temporary work opportunities), and temporarily extended existing and recently expired work-sharing arrangements.

However, as a result of their disproportionate representation amongst those in precarious employment, involuntarily working part-time and temporary jobs¹⁰, many immigrants do not have the hours to qualify for EI benefits under the current system, despite the fact that they pay into the EI program from their first dollar of earnings. As a result, the contributions made by low-income immigrant workers represent a transfer to other higher-income workers who qualify for benefits from the program. This is inherently unfair.

Modest income support from EI helps working families deal with a severe loss of income following involuntary layoffs, supports active job searches, and helps high unemployment communities survive.

Thus, OCASI recommends improving the Employment Insurance system by reducing the number of qualifying hours to 360 in all regions, calculating benefits on workers' 12 best weeks of earnings within the previous 52 week period (not the last 26 weeks as in the existing system), increasing benefits to at least 60 percent of workers' earnings, and eliminating the two-week waiting period.

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¹⁰ Jason Gilmore. (2009). "The 2008 Canadian Immigrant Labour Market: Analysis of Quality of Employment".