



THE CONTRIBUTION OF ECONOMIC IMMIGRATION TO QUEBEC'S PROSPERITY

STUDY NO. 3
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SUMMARY

**PROSPERITE
.QUEBEC**

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INTRODUCTION

The goal of the Quebec Employers Council's PROSPERITE.QUEBEC campaign is to unleash Quebec's economic and social potential in a sustainable and responsible manner, to the benefit of society as a whole. These actions are designed to recognize and highlight the contribution businesses and entrepreneurs make to society, economic education and the dialogue between the business community and the population. In so doing, the Campaign creates forums in which prosperity is discussed and promoted; it presents its collective benefits and strives to influence the various governmental authorities to make decisions that would serve to foster Quebec's prosperity.

This study is the third of the PROSPERITE.QUEBEC campaign and it focuses on the economic contribution of immigration to Quebec's prosperity. Similarly to other jurisdictions around the world, Quebec offers economic immigration programs geared toward receiving people who are able to make a positive contribution to its economy and focused on three major issues:

- ▶ manpower (availability, skills, specialization, etc.), for which Skilled Workers, Quebec Experience and Temporary Worker Programs are offered;
- ▶ entrepreneurship (start-up, growth, diversification), supported by the Entrepreneurs and Self-Employed Workers Program;
- ▶ investment (funding of public and private initiatives and projects) that complies with the Investors Program.

There are four parts to the study. First, the fundamental aspects of the contribution economic immigration makes to prosperity are presented, through an analysis of its impact mechanisms and a review of the literature on the various facets of this contribution.

Second, a short profile of economic immigration in Quebec is drawn for each of the three major immigration categories: skilled workers, entrepreneurs and investors.

Third, Quebec's programs are analyzed under various perspectives: their characteristics, positioning and results are compared to other programs. In this regard, a survey was done with international consultants specializing in immigration to gather their perceptions from the immigration demand standpoint, both in terms of programs and the province of Quebec as an immigration destination.

Fourth, the economic issues of immigration are broached, based on a consultation of Quebec organizations involved in immigration and a survey among Employers Council members.

And lastly, the study ends by summarizing the main findings and by presenting a series of recommendations in terms of economic immigration policy in an effort to enhance its impact on Quebec's prosperity.

HIGHLIGHTS AND RECOMMENDATIONS

Recent economic literature teaches us three major lessons about the contribution to the economy by the various categories of economic immigrants: 1) the immigration of individuals that have the sought-after profile can lead to positive outcomes for the economy (in particular in the areas of innovation, entrepreneurship, exports and the funding of programs); 2) these results basically depend on the socio-economic characteristics of the immigrants, the special context of the country receiving the immigrants and the speed of their integration; 3) a poor matching of economic needs with the types of immigrants could be detrimental, both for these immigrants and for the country receiving them.

Every year since 2004, Quebec, on average, has received about 28,600 skilled workers, 2,100 investors and 350 entrepreneurs through its various programs. On average, these economic immigrants have a knowledge of the French language and years of schooling that are higher than the other categories of immigrants. While economic immigration cannot solve our economic woes in one fell swoop, the fact remains these newly arrived immigrants contribute to economic development and prosperity through their work, their business creation and financial contributions.

The survey among Employers Council members shows that, in general, Quebec businesses are aware of the importance of immigration to Quebec's economic development and economic immigrants' contribution to their company.

The Employers Council's member businesses largely support the raising of quotas for skilled workers and investors. The overall contribution by their immigrant workers is regarded as being equal to or higher than their expectations, and, in general, the integration of the newly arrived immigrants does not pose any problem.

But Quebec could do much better, in many areas. The various economic immigration programs would be that much better if improvements were made.

Indeed, the consultants specializing in immigration note that the existing programs have many flaws. All of the consultants underline the importance of significantly reducing the delays in processing applications in every program. They also identify many other areas that need to be improved, particularly from the standpoint of entrepreneurs and investors; these areas include the burden of administrative and paperwork formalities, help for requests online, and the consistency and transparency of the decisions. Moratoriums and uncertainty, among other factors, have undermined international interest in our programs. Fortunately, Quebec has distinctive assets that are known throughout the world and these work in the province's favour, allowing it to attract high-quality economic immigrants, provided these substantial and sustainable improvements to its programs materialize.

These same proposals were submitted by many organizations working in the field of immigration in the province of Quebec. They all acknowledged the importance of the economic issues as they relate to manpower, investment and business development, as well as the potential of economic immigration, with a view to contributing to it.

With regard to skilled workers, the program is well regarded, but it could adjust more quickly to the needs of the job market. Foreign diplomas should be better recognized and there are continuing problems in the area of transparency and the justification of decisions.

Meanwhile, for entrepreneurs, the admissions quota is deemed to be too low, and the integration of entrepreneurs into Quebec's business network could be improved. While opinions about the history of the Investors program are generally positive, the moratoriums, delays in processing and the recent changes have greatly hindered its competitiveness, especially given the increasing international competition for similar programs. Many courses of action have been proposed to help strengthen its economic contribution, in particular relating to its efficiency, design and management.

Considering the aforementioned, here are the Employers Council's general recommendations in view of enhancing the already sizeable contribution of economic immigration to Quebec's prosperity:

- **Have a better matching between:**

- 1) Quebec's economic development objectives and the programs that are offered;
- 2) the programs that are offered and the immigration demand. This should not only be done more extensively but it should also be done in a more flexible manner so the programs can be adapted to eventual economic changes.

On point 1, the government departments and organizations responsible for economic development (the Economy, Innovation and Exports department, and Investissement Québec) should work more in tandem with the Immigration, Diversity and Inclusion department, which is in charge of immigration programs, so there can be a more efficient combination of efforts to reconcile the needs with the criteria being sought¹. In particular, this would enable the enhancement of the Investors program design, which already offers significant benefits, but can do a lot more in terms of impact for the government and direct investment in the economy. Enhanced retention of investors in Quebec, among other things, will allow for further boosting of the impact and add to these families' human contribution to our society.

¹ In this area, the best counter-example (federal) related to a poor matching between the program offerings and immigration demand is the Canadian Capital Risk program, which all of the international community decided to abandon.

The following recommendations pertain to point 2):

- **Reinforce the active and systematic dialogue between all of the players involved in the immigration sphere.** Work to optimize the conciliation between the program offerings and immigration demand. In this area, the Employers Council draws on its own success as a member of the Commission des partenaires du marché du travail (job market partners' commission). Various deployment options can be looked at, either alone or in a combination: annual conference, monthly meetings, Internet platform for news and discussions, etc. This would help resolve the problems outlined in the following two recommendations.
- **Enthusiastically wage a head-on attack to solve the recurring problem of delays in the processing of applications.** All of the players we spoke with mentioned the delays in processing in Quebec and Canada, longer than that of other programs elsewhere. Many also stressed the importance of improving all of the processes in dealing with applicants.
- **Draw inspiration from best practices worldwide to eliminate the aggravating aspects of existing programs and optimize immigration's contribution.** The preceding sections pinpointed many specific difficulties related to current programs: lack of transparency in the decisions, "first come, first served" type of selection, rather than by merit; paperwork that is sometimes excessive and unnecessary; unsuitable criteria; etc. A more active dialogue between stakeholders would help smooth out these problems, to the benefit of all of the players involved, and especially the immigration applicants.
- **Objectively measure, over many years, the economic contribution made by these immigrants.** This contribution is evaluated using the following indicators: the employment rate, wages earned, investments made (personal and business) and the income tax and other taxes paid (including sales taxes on consumption) This would allow a validation to be made of the extent to which the expectations have been fulfilled with regard to the economic contribution.
- **Create tools to inform and support businesses and promote the programs that are already in place.** The study shows most of the businesses have not participated in the various programs to integrate immigrants into businesses, mostly because of the lack of information about the existence of the programs or how they operate. It is therefore important to review these programs, to keep and promote the ones that are effective. Meanwhile, businesses are requesting a support service to help them evaluate skills and a website of thematic consulting services devoted to employers.

Here are the main specific recommendations for each of the programs, apart from the reduction of processing time which is recommended for the three types of programs:

SKILLED WORKERS

- improve the processes to recognize job skills and diplomas acquired in a foreign country;
- continue the Quebec government's specific efforts regarding the integration of immigrants into professional orders;
- improve the matching between the job skills of newly arrived immigrants and the needs of the job market;
- strengthen the implementation of internships, which are a first contact between an employer and job seeker, as another course of action to foster a better integration of immigrants;
- properly inform immigrants of the values of the host society in Quebec, including, among other things, gender equality and the secular aspect of public institutions, and promote them for a smooth integration.

ENTREPRENEURS

- strengthen the collaboration between the Immigration, Diversity and Inclusion department and the departments and organizations with an economic role to set common economic objectives and match the programs to them;
- involve third parties to accompany these immigrants and help them develop viable business projects in Quebec, much like the role financial intermediaries currently play for investors;
- shorten the time-frame between the business project's bid submission and its realization.

INVESTORS

- implement measures aimed at immigrant-investor retention in Quebec, which currently does not surpass the 30% threshold;
- enhance the transparency and objectivity of decisions;
- periodically set up sessions among the departments, the organizations responsible for economic immigration and the other stakeholders to rethink the program's design in relation to the new international situation, the economic objectives (vision, strategic plan, oversight, criteria and amounts of money needed, efficiency of the process, retention, economic impact) and Quebec's financial constraints, in an effort to increase the economic and social impact of the programs that are in place.

The Employers Council is hopeful that by working along these lines, economic immigration will be even more efficient. Efforts need to be made, from the outset, to find a way to optimize its potential in contributing to Quebec's prosperity.

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