A New Era.

Canadian Immigration Governance in the 21st Century
Preface

While it is under shared jurisdiction, it has only been since the 1990s that most of Canada's provinces and territories have joined the federal government to play a consistent role in governing immigration. With the two levels of government now managing the policy area together, this report evaluates the benefits and challenges of Canada's shared approach to selecting and settling immigrants. It explores policy options and outlines an aspirational approach to governing Canadian immigration in the 21st century.
Acknowledgements

This National Immigration Centre report has been prepared by The Conference Board of Canada, under the direction of Craig Alexander, Senior Vice-President and Chief Economist. The report was researched and written by Kareem El-Assal, Senior Research Associate, Immigration. The author thanks Pedro Antunes, Deputy Chief Economist, and Daniel Munro, Associate Director, Public Policy, for conducting internal reviews. Delphine Nakache, Professor, School of International Development and Global Studies, University of Ottawa, and Robert Vineberg, Chair, Board of Governors, Immigration Research West, are thanked for providing external reviews of the report.

The findings and conclusions of this report are entirely those of The Conference Board of Canada. Any errors and omissions in fact or interpretation remain the sole responsibility of The Conference Board of Canada.

The National Immigration Centre

The Conference Board of Canada’s National Immigration Centre is a major, research-intensive initiative that examines the immigration challenges and opportunities facing Canada today. Meeting the challenges and benefiting from immigration requires a multi-year effort that brings together many stakeholders and leads to concerted action. The Centre is studying the short-, medium-, and long-term impacts of Canada’s immigration policies, programs, and practices in light of the needs and objectives of governments, employers, communities, and immigrants. Through independent, evidence-based, objective research and analysis, the Centre is making recommendations for action to help improve Canada’s immigration system.

The National Immigration Centre’s goals are to:

• build a strong empirical base and foster dialogue among stakeholders to generate common understanding, shared purpose, and collaborative action;
• raise public awareness of the nature and importance of immigration to Canada’s economy, society, and culture;
• track and report on the immigration system’s performance in achieving Canada’s economic, social, and cultural goals.
EXECUTIVE SUMMARY

A New Era: Canadian Immigration Governance in the 21st Century

At a Glance

- Since the 1990s, the provinces and territories have joined the federal government to play a consistent role in managing the immigration system, providing us with an opportunity to evaluate the benefits and challenges of shared immigration jurisdiction in Canada.

- The two levels often grapple with the question of how they can effectively balance federal and provincial/territorial immigration goals.

- In addition to identifying policy options, this report outlines an aspirational approach to governing Canadian immigration in the 21st century.
While section 95 of the *Constitution Act, 1867* defines immigration as an area of shared jurisdiction, after initial activity before the First World War, the provinces and territories (PTs) were largely absent from the field for nearly eight decades, leaving it to the federal government.

Led by Quebec, the PTs re-emerged onto Canada’s immigration scene in the 1960s, and progressively became more active in the area in the decades to follow. Since 1991, 12 PTs (all except Nunavut) have signed new bilateral immigration agreements with the federal government, providing them with authority to select immigrants and establishing the parameters of intergovernmental collaboration in key areas such as settlement. This has ushered in a new era of Canadian immigration governance.

Consequently, achieving Canada’s immigration objectives has become an exercise in multi-level governance. The rationale behind multi-level governance is simple. It aims to strike a balance between the realization of national objectives and the achievement of governance appropriate to the needs of local communities. The conferral of shared immigration jurisdiction upon Confederation was based on the notion that the two levels of government had the capacity to oversee the effective implementation of the country’s immigration system objectives together and the provinces’ understanding of how important immigration was to them. Though, in the modern era, it has only been since the 1990s that this notion has been put to the test, which begs this report’s underlying research question: What are the benefits and challenges of Canada’s shared approach to the selection and settlement of immigrants?

This report evaluates Canada’s approach to managing immigration through a fiscal lens. Fiscal federalism analyzes how multiple levels of government can efficiently allocate resources to manage policy responsibilities. In other words, which immigration responsibilities are better off being managed by the federal government or PTs?
Governing Selection

Since the 1990s, the selection of economic class immigrants has become significantly decentralized. Today, the federal government and 12 PTs operate some 50 selection streams combined. The benefits have far outweighed the complications. Decentralization has allowed more communities across Canada to reap immigration's rewards, and studies indicate that immigrants selected by PTs have encouraging economic outcomes. Conversely, it has also resulted in drawbacks, such as shortcomings in the legal protections available for immigration applicants to Provincial/Territorial Nominee Programs (PNPs).

Moving forward, there are three main selection governance choices that Ottawa and the PTs could pursue. The first is to maintain the status quo of the selection power balance between the two sides. The second would be to further decentralize selection to the PTs. The third would be to increase Ottawa’s selection powers. However, the third option would have several major drawbacks as it would undermine the notion of immigrant selection being a matter of shared jurisdiction, hurt intergovernmental relations, limit the PTs’ ability to address their specific needs, and harm Canada’s regionalization efforts. Regardless of which choice they pursue, the two levels of government would benefit from more collaboration to improve the integrity of selection programs, policy coherence, and reduce program duplication, and by enshrining more PNPs into laws and regulations.

Managing Settlement

The PTs fund and administer their own settlement services, but to a far lesser extent than the federal government due to their limited financial resources. As a result, immigrant settlement service provider organizations largely depend on federal settlement funding. The federal government’s lead role in managing settlement is beneficial in the sense that it ensures immigrants have access to equal standards of settlement services across Canada, but this arrangement struggles to balance accountability with flexibility. A blend of federally and PT-funded settlement services could produce better outcomes if the two levels of
government work together to address shortcomings, such as improving access to services for temporary residents.

**An Aspirational Approach to Governing Canadian Immigration in the 21st Century**

Based on our findings, we propose the following aspirational approach to governing Canada’s immigration system in the 21st century, which would allow Canada to reap the benefits of shared immigration jurisdiction and mitigate its challenges.

First, the federal government would continue to manage admissions, enforcement, and citizenship as it is in Canada’s best interests for national security, unity, and cost-saving purposes.

Second, the two levels would continue to share selection responsibilities, with the federal government maintaining its national oversight role while accommodating to the best of its abilities the selection requests made by the PTs based on their various needs (i.e., regionalization, immigrant composition, addressing labour shortages, cultural goals). The PTs would govern their PNPs through laws and regulations that are subject to scrutiny by legislatures, courts, and residents. This would provide a feedback loop that would support improvements to the immigrant selection process and better protect the PTs, their residents, and immigration applicants. They would also develop a national PNP framework to support enhancements to the performance of Canada’s selection programs.

Third, federally and PT-funded settlement services would continue to operate concurrently. Ottawa would maintain oversight of federally funded settlement policy and administration in every PT (except Quebec) to ensure national standards, while identifying with the PTs and immigrant settlement service provider organizations how it can better accommodate their requests for flexibility in delivering services tailored to local needs. Accountability mechanisms would be enforced in every PT to ensure federal taxpayer dollars are being spent efficiently, in accordance with federal policy goals, and are producing good settlement outcomes. The PTs would increase their settlement funding as more
newcomers arrive to their jurisdictions. The two levels of government would identify how their funded settlement services can complement each other to balance federal and PT interests, reduce duplication in services, and ensure robust coverage for immigrants and temporary residents alike.
CHAPTER 1

A New Era

Chapter Summary

• Canada needs immigrants to support its prosperity due to its aging population and low birth rate.

• Since the 1990s, the provinces and territories have become more involved in immigration policy and administration, resulting in a new era of Canadian immigration governance.

• This report analyzes the merits of Canada’s shared approach to governing immigrant selection and settlement.
Since 1867, Canada has opened its doors to 19 million immigrants.\(^1\) It is set to welcome millions of more newcomers in the decades to come as immigration plays an increasingly important role in Canada’s prosperity. Given that Canada’s fertility rate (1.6) is below its replacement rate (2.1), immigration will be key to increasing its population. Moreover, by 2035, some 24 per cent of Canadians will be of retirement age.\(^2\)

As such, immigration will be critical to alleviating skills and labour shortages by replenishing the millions of workers set to retire. It is estimated that immigrants will soon make up 100 per cent of Canada’s net labour force growth.\(^3\) Immigration is also crucial to strengthening Canada’s social and cultural fabric, such as by preserving its francophone heritage. As a result, the provinces and territories (PTs) have rejoined the federal government (“Ottawa”) in recent decades to participate in immigration policy and administration.

While section 95 of the Constitution Act, 1867 defines immigration as an area of shared jurisdiction, the PTs were largely absent from immigration for nearly eight decades, leaving it to Ottawa. In the 1960s, Quebec became the first province to re-emerge onto Canada’s immigration scene, and other PTs progressively became more active in the field in the decades to follow, ushering in a new era of Canadian immigration governance.

Since 1991, 12 PTs (all except Nunavut) have signed new bilateral immigration agreements with the federal government, providing them with authority to select economic class immigrants and establishing the parameters of intergovernmental collaboration in key areas such as settlement—the language training, employment, labour market

1. Immigration, Refugees and Citizenship Canada, Canada—Permanent Residents.
2. The Conference Board of Canada, Canadian Outlook.
Achieving Canada’s immigration objectives is an exercise in multi-level governance.

attachment, and orientation services that Ottawa and the PTs provide to newcomers to facilitate their integration into society.

Hence, achieving Canada’s immigration objectives is an exercise in multi-level governance. The rationale behind multi-level governance is simple. It aims to strike a balance between the realization of national objectives and the achievement of governance appropriate to the needs of local communities. The conferral of shared immigration jurisdiction upon Confederation was based on the notion that the two levels of government had the capacity to oversee the effective implementation of the country’s immigration objectives together and on the provinces’ understanding of how important immigration was to them. In the modern era, however, it has only been since the 1990s that this notion has been put to the test, which begs this report’s underlying research question: What are the benefits and challenges of Canada’s shared approach to the selection and settlement of immigrants?

Report Overview

Guided by a conceptual framework, this report evaluates the benefits and challenges of Canada’s immigration governance approach and evaluates policy options. It relies upon a literature review and uses interviews with 15 immigration policy experts to supplement its findings. The respondents were from Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, and British Columbia. Ten were federal, provincial, and municipal officials (deputy minister, associate deputy minister, director general, director, and manager levels), and five were immigration researchers. Respondents were informed their remarks would not be attributed in this report to encourage them to speak candidly.

Chapter 2 outlines the conceptual framework of an optimal governance model and reviews Canada’s immigration governance structure. Chapters 3 and 4 evaluate the benefits and challenges of selection and settlement governance, respectively. Both chapters explore policy options. Chapter 5 summarizes the report’s main findings and lays out the features of an aspirational approach to governing Canadian immigration in the 21st century.

4 Leo, “Deep Federalism.”
Chapter 2
Canadian Immigration Governance: Theory and Practice

Chapter Summary

- In an optimal immigration governance model, admissions, enforcement, and citizenship are centralized, and selection and settlement are largely decentralized.

- Canada’s immigration system leans toward the optimal governance model.

- Selection governance in Canada is partially decentralized while settlement is more centralized because the PTs depend largely on Ottawa for funding.
This chapter serves three purposes and lays the foundation for the remainder of the report. First, it provides background on Canadian immigration responsibilities as established in the Constitution. Second, it sets out a conceptual framework of an optimal immigration governance model. Finally, it reviews the evolution of Canadian immigration governance since the 18th century, concluding with an overview of how it is managed today.

**Constitutional Responsibilities**

Section 95 of the Constitution Act, 1867 defines agriculture and immigration as areas of shared federal-PT (FPT) jurisdiction, with federal law paramount in cases of disagreement between the two levels of government. The Constitution's section 91 (25) clearly assigns responsibility for immigrant admissions, enforcement, and Canadian citizenship to the federal government. However, it is less clear on selection and settlement. This lack of clarity helps us understand why it is precisely these two areas that are the most difficult for FPT governments to manage together.

Further, the Constitution establishes the conditions of two prominent characteristics that impact the governance of the immigration system—decentralization and asymmetry. It facilitates a decentralized system since, in addition to providing shared immigration jurisdiction, the PTs have jurisdiction over key areas that affect the settlement of immigrants, such as social services, housing, health, education, labour, and municipalities.

It also facilitates asymmetry. First, because the federal government has the upper hand in overseeing the immigration system (due to its control over admissions and federal paramountcy), it can assign varying levels of power to each PT. The most prominent case is Quebec, which has more authority over immigrant selection and the administration of federal settlement funds than any other jurisdiction due to its special...
status within the Canadian federation. Ottawa also authorizes some PTs to select more immigrants than others. Asymmetry also stems from decentralization. Since the PTs have considerable autonomy to govern immigration and related policy matters, they have different policies, laws, and programs in place. For example, some PTs have stronger labour laws to protect both immigrants and temporary foreign workers (TFWs) compared with others.\(^1\)

As is discussed throughout this report, the characteristics of decentralization and asymmetry pose benefits and challenges for the system’s governance. On the one hand, they provide the PTs with flexibility to respond to their economic and cultural (e.g., linguistic) needs, and giving Quebec special rights is believed to strengthen Canadian unity.\(^2\) Among their limitations, decentralization results in asymmetrical legal protections for immigration applicants, immigrants, and TFWs across Canada.

**An Optimal Governance Model**

Canadian federalism and the country’s approach to governing immigration are both driven by the objective of balancing national interests and providing the PTs with the autonomy to address their unique jurisdictional needs. Ottawa and the PTs share common immigration objectives, including maintaining control of who arrives to Canada, ensuring that immigration benefits all regions of the country, and facilitating the integration of immigrants into Canada’s economic, social, and political spheres. The central question is: How can this best be achieved?

One body of literature studies this question through a fiscal lens. Fiscal federalism evaluates how multiple levels of government can efficiently allocate resources to manage policy responsibilities. In other words, which responsibilities are better off being centralized and decentralized?

---

Drawing upon fiscal federalism literature, various authors explore this issue with respect to Canadian immigration governance.\(^3\)

Boushey and Luedtke outline the following hypotheses of an optimal approach to governing immigration. Admissions and enforcement would be centralized by the federal government because these responsibilities fall under the traditional authority of a sovereign state, and due to the high costs of managing immigration regulation (e.g., processing visas overseas, ensuring foreign nationals do not overstay their visas, and controlling the border). For instance, if every Canadian PT was responsible for admissions and enforcement, they would each need to spend money to regulate the flow of foreign nationals into their jurisdictions, which would create additional expenses (e.g., a foreign national who is denied entry into a jurisdiction may try to enter another, which would result in higher costs for the PTs).

Citizenship would also be managed by the federal government. It is traditionally centralized as it too is tied to state sovereignty and is a nation-building exercise as it binds citizens to a national identity—this is especially important in countries with diverse populations. In addition, as is the case with admissions and enforcement, it is likely more inefficient to have multiple governments within a state administer citizenship and passports.

The selection and settlement of immigrants would be decentralized. However, the federal government would maintain a lead coordinating role due to the aforementioned reasons. Again, since one of the features of state sovereignty is the ability to regulate who enters the country, the federal government would need to have ultimate control over immigrant selection and admissibility (i.e., screening security, criminality, and health). However, sub-national governments would have latitude to shape selection and settlement policy and administration as they have different immigrant preferences based on economic and cultural factors. While one jurisdiction may not need more labour, another may require immigrants to fill labour shortages. Or, one jurisdiction may require high-skilled labour while the other semi-skilled.

\(^3\) For example, Boushey and Luedtke, “Fiscal Federalism and the Politics of Immigration”; Reeve, *Devolution and Recentralization*; Vineberg, "Immigration and Federalism."
Another argument for decentralizing selection and settlement is that it creates competition between jurisdictions, which incentivizes them to improve their immigrant recruitment and integration efforts. For instance, a jurisdiction that is unable to integrate an immigrant into the labour market loses out if that person moves to another jurisdiction to pursue economic opportunity. Decentralization of settlement could be viewed as optimal in the sense that it allows sub-national governments to offer supports based on the jurisdiction’s economic and cultural profile. An obvious case of this in Canada is Quebec, which offers newcomers Francization services. This approach may also be optimal because federal governments often face political pressures to avoid favouring one sub-national jurisdiction over another—as can be the case in Canada.

The underlying assumption of Boushey and Luedtke’s hypotheses is that centralization and decentralization should be determined by a cost-benefit analysis of the political and economic consequences. Based on the theoretical economic benefits of doing so, they argue it is better to decentralize selection and settlement so long as the political costs are not too high (i.e., doing so does not damage national unity).

Drawing upon their hypotheses, the model would apply as follows in Canada. The federal government would maintain full control of admissions, enforcement, and citizenship. It would play a lead role in selection, determining annual immigration levels, selection powers for each PT, and setting national standards—examples of this include overseeing that selection is non-discriminatory and that immigration applicants demonstrate a minimum standard of language proficiency. The PTs would establish selection policy and administer their programs based on their economic and cultural preferences. Settlement governance would be coordinated by the federal government to ensure national standards (e.g., that all immigrants have access to comparable levels of services in each PT). The PTs would have large control to deliver settlement services based on their economic and cultural preferences, and would also link these services with their other policy responsibilities (e.g., education) to ensure immigrants have robust supports to integrate into society. (See Table 1.)

---

For more detail, see Vineberg, “Immigration and Federalism.”
Table 1
Optimal Immigration Governance Model in Canada—How It Would Apply in Canada

<table>
<thead>
<tr>
<th></th>
<th>Admissions and enforcement</th>
<th>Selection</th>
<th>Settlement</th>
<th>Citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal role</td>
<td>Full control.</td>
<td>Lead role but gives PTs some authority to select immigrants.</td>
<td>Coordinating role but leaves most policy and administration to PTs.</td>
<td>Full control.</td>
</tr>
<tr>
<td>Provincial/territorial (PT) role</td>
<td>PT and municipal law enforcement authorities provide support.</td>
<td>Some authority to select immigrants based on economic and cultural preferences.</td>
<td>Lead role. Shape settlement services based on economic and cultural preferences. Ensure interface of services with other social services (e.g., education).</td>
<td>None.</td>
</tr>
</tbody>
</table>

Sources: Boushey and Luedtke; Vineberg, “Immigration and Federalism”; The Conference Board of Canada.

The following discussion evaluates the extent to which this model has been applied in the Canadian context.

Historical Overview

The Constitution Act, 1867 sets out immigration responsibilities in a manner similar to the optimal model, especially with respect to the admissions, enforcement, and citizenship powers it provides to Ottawa. However, for much of Canada’s history, Ottawa managed selection and settlement with little PT involvement. Since the 1990s, Canadian selection governance has moved closer toward the optimal model, with the federal government decentralizing selection to a great degree. Settlement governance has also been decentralized, but to a much lesser extent, with the federal government continuing to play a formative role in settlement policy and administration across Canada.

Pre-Confederation to the Second World War

Canadian immigration governance has evolved profoundly since the 18th century. Before Confederation, the colonies were active in immigration. For instance, as early as 1761, Nova Scotia appointed an immigration agent in London, and other colonies subsequently followed.

5 This historical discussion draws from Knowles, Strangers at Our Gates; Reeve, Devolution and Recentralization; Vineberg, “History of Federal-Provincial Relations”; Vineberg, “Continuity in Canadian Immigration Policy.”
Hence, explaining why section 95 of the Constitution Act, 1867 defines agriculture and immigration as areas of shared FPT jurisdiction, Vineberg writes that upon Confederation, Canada, an underpopulated agrarian country, needed immigrants to work on its farms and spur its growth, with both levels of government possessing the desire and experience necessary to preside over the two key policy areas.

Ironically, the conferral of shared jurisdiction posed as significant a challenge in 1867 as it does today—defining the most effective way to divide immigration responsibilities in support of national and PT interests. To enhance clarity, the federal government hosted the first federal-provincial immigration conference in 1868, which paved the way for two additional firsts—a federal-provincial immigration agreement, which defined the respective powers and duties of the two levels of government, and the Immigration Act, 1869, which helped guide the system’s operations.

Active in immigration in the ensuing decades, provincial engagement in the area waned during the First World War and following the Great Depression as Canada saw its immigrant intake decline. (See Table 2.) The Second World War introduced a more intense centralization across Canada, which continued into peacetime, and extended to immigration. With the federal government reopening Canada's borders, it assumed full responsibility of immigration in the belief that this was in the national interest.

### Table 2

<table>
<thead>
<tr>
<th>FPT Immigration Activity, Confederation to Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal activity</td>
</tr>
<tr>
<td>PT activity</td>
</tr>
</tbody>
</table>

Sources: Reeve; The Conference Board of Canada.
The origins of Canada’s modern-day immigration system can be traced to the period following the Second World War. Standing before the House of Commons in 1947, Prime Minister King announced that Canada would admit immigrants for three purposes—economic, family reunification, and humanitarian. In 1962, Canada began the gradual process of abolishing discrimination from its immigration regulations, which culminated in its 1967 launch of the world’s first skills-based points system to select economic class immigrants through objective criteria. Also during the 1960s, Quebec’s Quiet Revolution mobilized PT activity in immigration as the province saw the attraction of more francophone immigrants as a means to preserve its heritage and demographic weight within Canada. (See “Quebec Leads the Way.”) Quebec’s engagement sparked a gradual process of decentralization as the federal government devolved more immigration responsibilities to the PTs in the ensuing decades.

Quebec Leads the Way

Between the 1960s and 1991, Quebec progressively gained more control over its immigration matters:

1960s: The Quiet Revolution leads to a period of economic, social, and cultural transformation in Quebec. As concerns grow over the declining birth rate among French Canadians and the survival of the French language in the province, Quebec views immigration as an avenue to help address these challenges.


1971: The Lang-Cloutier Agreement permits Quebec to station immigration counsellors in Canadian offices abroad, as Quebec seeks to encourage francophones to settle in the province.

1975: The Andras-Bienvenue Agreement provides Quebec with some influence over immigrant selection by conducting interviews and making recommendations to federal visa officers.
1978: The Cullen-Couture Agreement gives Quebec increased influence over economic class immigrant selection by allowing it to define its own selection criteria.

1991: The Canada-Quebec Accord relating to immigration and temporary admission of aliens hands Quebec comprehensive immigrant selection and settlement powers.

Source: Immigration, Refugees and Citizenship Canada.

FPT collaboration became commonplace after 1971’s Lang-Cloutier immigration agreement between Ottawa and Quebec, and the passage of the *Immigration Act, 1976*. These developments led to a series of immigration agreements, signed throughout the 1970s and 1980s, to strengthen partnerships between FPT governments through enhanced communications, consultations, and information-sharing.

A new round of FPT immigration collaboration began following the signing of the Canada-Quebec Accord in 1991. Seeking to balance the federal budget and avoid 10 more “Canada-Quebec style” immigration agreements that would likely have seen its influence in the area diminish, Ottawa offered the provincial/territorial nominee program (PNP) to the PTs. Between 1996 and 2009, 11 PTs accepted this offer, allowing them to shape policy and administration of their PNPs to admit economic class immigrants. Ottawa also offered the administration of federally funded settlement services to the PTs. Only Manitoba and British Columbia accepted this offer, in 1998. However, the federal government announced in 2012 it would reclaim the settlement responsibilities from them in 2013 (Manitoba) and 2014 (British Columbia).

**Immigration Governance Today**

Today, Canada’s immigration system leans toward the optimal model discussed earlier. Selection and settlement responsibilities are largely shared, with a few caveats. (See Table 3.) The federal government determines Canada’s annual immigration levels and selection powers of each PT. Ottawa administers its settlement funding in every PT except Quebec. The PTs also fund and administer their own settlement
services, but remain largely reliant on Ottawa for funding. This means that the governance of settlement remains largely centralized, thereby veering away from the optimal model. The PTs also have constitutional authority to manage social services, housing, health, education, labour, and municipalities, which contributes to the successful settlement and integration of immigrants.

Table 3
How Canada’s Immigration System Is Governed Today

<table>
<thead>
<tr>
<th></th>
<th>Admissions and enforcement</th>
<th>Selection</th>
<th>Settlement</th>
<th>Citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal role</strong></td>
<td>Full control.</td>
<td>Strong control. Sets annual immigration levels and PNP allocations.</td>
<td>Strong control of federal settlement funds, except in Quebec.</td>
<td>Full control.</td>
</tr>
<tr>
<td><strong>PT role</strong></td>
<td>PT and municipal law enforcement authorities provide support.</td>
<td>Quebec: Full control of its economic class arrivals and some authority over family class and refugee selection. Others: Control of economic class selection under PNP.</td>
<td>Full control to fund and administer own settlement services.</td>
<td>None.</td>
</tr>
</tbody>
</table>

Source: The Conference Board of Canada.

What are the benefits and challenges of Canada’s approach to managing selection and settlement? The developments of recent decades provide us with an opportunity to explore this question, as we do in the following chapters.
CHAPTER 3

Governing Selection

Chapter Summary

• Decentralization of selection has allowed Canada’s PTs to benefit from immigration, for reasons that are hypothesized in the optimal model.

• However, decentralization has also created various challenges for the two levels of government and immigration applicants.

• The merits of three policy options are explored—maintaining the status quo of selection powers between Ottawa and the PTs; increasing decentralization; or increasing centralization.
With the optimal governance model in mind, this chapter evaluates the benefits and challenges of Canada’s decentralization of immigrant selection since the 1990s. We find that the benefits are comparable to those hypothesized in the model. On the other hand, decentralization has resulted in several challenges, some of which undermine the optimal model’s assumption that it increases efficiency.

Decentralization improves effectiveness in that more immigrants are chosen for local and regional needs. But in achieving that effectiveness, the efficiency of the selection process may suffer. For instance, decentralization has led to questions about policy coherence and has had some negative consequences for immigration applicants. Three selection governance policy options are explored, as well as reforms that could be enacted to improve the efficiency of Canada’s selection programs.

Background

Before the 1990s, the federal government set policy and administration of the selection of economic, family, and humanitarian classes of immigrants, with the exception of economic class immigrants destined for Quebec, which has been managed by the province since 1978. While it continues to maintain control over the latter two classes, Ottawa has decentralized the selection of the economic class significantly, though it continues to remain highly involved in the area.

Since 1998, every PT (except Nunavut and Quebec) has signed a bilateral PNP agreement with the federal government allowing them to

---

1 It is worthwhile noting that Quebec has some authority over family class and refugee selection that other provinces do not have. For example, the Canada-Quebec Accord grants Quebec the responsibility to administer family class sponsorship undertakings and to set the financial criteria for sponsors whose family members are destined for Quebec. Also, while the federal government determines which individuals qualify for refugee resettlement, Quebec chooses those who are best able to settle in the province.
select economic class immigrants. \(^2\) (See Table 4.) Under the Canada-Quebec Accord, Quebec has authority to select all economic class immigrants to its province and to determine the number of newcomers it receives up to its proportional share of Canada’s population plus 5 per cent for demographic reasons. This is done to allow Quebec to preserve its francophone heritage and to ensure demographic growth. Every other PT selects some economic class immigrants through its PNPs—the number that each jurisdiction can select is determined through its consultations with Ottawa each year, although the federal government has the final say. The PNP exists to promote the distribution of immigrants across Canada and to allow each PT to address its unique needs. In the wake of population aging, low birth rates, difficulties attracting immigrants and retaining Canadian-born citizens, and labour shortages in jurisdictions that have experienced strong economic growth, the PTs have viewed immigration as a policy lever to foster economic growth, strengthen their societies, and address cultural goals. New Brunswick, for instance, also has a strong interest in francophone immigration since it is an officially bilingual province.

### Table 4

<table>
<thead>
<tr>
<th>PT</th>
<th>Date agreement signed</th>
<th>Start of PT selection program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quebec</td>
<td>February 20, 1978</td>
<td>1978</td>
</tr>
<tr>
<td>Manitoba</td>
<td>June 28, 1998</td>
<td>1999</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>February 22, 1999</td>
<td>1999</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td>September 1, 1999</td>
<td>1999</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>March 16, 1998</td>
<td>2001</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>March 29, 2001</td>
<td>2001</td>
</tr>
<tr>
<td>British Columbia</td>
<td>April 19, 1998</td>
<td>2001</td>
</tr>
<tr>
<td>Alberta</td>
<td>March 2, 2002</td>
<td>2002</td>
</tr>
<tr>
<td>Yukon</td>
<td>April 1, 2001</td>
<td>2002</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>August 27, 2002</td>
<td>2003</td>
</tr>
<tr>
<td>Ontario</td>
<td>November 21, 2005</td>
<td>2007</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>August 7, 2009</td>
<td>2009</td>
</tr>
</tbody>
</table>

Source: Immigration, Refugees and Citizenship Canada.

\(^2\) The provinces “nominate” the immigration applicant and the federal government reviews admissibility before determining whether to confer permanent residence on the applicant. However, rather than use the word “nominate,” we use “select” throughout this report for ease of reference.
Decentralization Benefits

One of the main advantages of Canada’s decentralization of selection is that it has allowed more regions of the country to benefit from immigration ("regionalization"). In 1995, 88 per cent of Canada’s immigrants settled in Ontario, Quebec, and British Columbia. In 2016, that number stood at 68 per cent. Manitoba, Saskatchewan, and the Atlantic provinces in particular have benefited significantly as they depend upon their PNPs for most of their economic class arrivals. (See Chart 1 and Table 5.)

Chart 1
Economic Class Arrivals by Province, 1999–2016
(principal applicants and dependants)

Note: Newfoundland and Labrador and Prince Edward Island admitted 237 economic immigrants combined in 1999.
Source: Immigration, Refugees and Citizenship Canada.

3 Seidie, Canada’s Provincial Nominee Immigration Programs.
4 Immigration, Refugees and Citizenship Canada, Permanent Resident Admissions.
Table 5
Provincial Nominee Arrivals as Percentage Share of the Province's Total Economic Class Arrivals, 1999–2016
(principal applicants and dependants)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland and Labrador</td>
<td>0</td>
<td>0</td>
<td>23</td>
<td>19</td>
<td>26</td>
<td>50</td>
<td>38</td>
<td>32</td>
<td>28</td>
<td>34</td>
<td>55</td>
<td>52</td>
<td>69</td>
<td>72</td>
<td>79</td>
<td>74</td>
<td>78</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>0</td>
<td>0</td>
<td>40</td>
<td>63</td>
<td>76</td>
<td>87</td>
<td>93</td>
<td>96</td>
<td>95</td>
<td>97</td>
<td>93</td>
<td>93</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>27</td>
<td>49</td>
<td>50</td>
<td>47</td>
<td>50</td>
<td>38</td>
<td>55</td>
<td>59</td>
<td>71</td>
<td>72</td>
<td>56</td>
<td>77</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>0</td>
<td>6</td>
<td>19</td>
<td>30</td>
<td>49</td>
<td>45</td>
<td>67</td>
<td>81</td>
<td>79</td>
<td>76</td>
<td>78</td>
<td>78</td>
<td>83</td>
<td>88</td>
<td>87</td>
<td>89</td>
<td>87</td>
</tr>
<tr>
<td>Ontario</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Manitoba</td>
<td>22</td>
<td>43</td>
<td>42</td>
<td>57</td>
<td>76</td>
<td>81</td>
<td>81</td>
<td>90</td>
<td>92</td>
<td>92</td>
<td>93</td>
<td>92</td>
<td>94</td>
<td>92</td>
<td>95</td>
<td>91</td>
<td>93</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>11</td>
<td>26</td>
<td>36</td>
<td>46</td>
<td>61</td>
<td>78</td>
<td>83</td>
<td>91</td>
<td>86</td>
<td>91</td>
<td>93</td>
<td>93</td>
<td>89</td>
<td>86</td>
</tr>
<tr>
<td>Alberta</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>9</td>
<td>15</td>
<td>23</td>
<td>32</td>
<td>33</td>
<td>43</td>
<td>42</td>
<td>40</td>
<td>38</td>
<td>31</td>
</tr>
<tr>
<td>British Columbia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>11</td>
<td>13</td>
<td>18</td>
<td>16</td>
<td>20</td>
<td>27</td>
<td>36</td>
<td>33</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: Immigration, Refugees and Citizenship Canada; The Conference Board of Canada.

The PNP’s role in promoting regionalization and giving the PTs flexibility to address their demographic and labour market needs is appreciated by both levels of government. For instance, an Immigration, Refugees and Citizenship Canada (IRCC) official explained in an interview the PNP supports the federal government’s goal of ensuring communities across Canada benefit from immigration. Interviewees from Manitoba and Saskatchewan said that higher immigration landings enabled by the PNP have contributed to demographic and economic growth in their provinces. The PNP is also economically beneficial for British Columbia and Ontario, both of whom have had little difficulty historically attracting immigrants. An Ontario government official noted in an interview that, given the province’s declining economic class landings and that it receives a
While it is advantageous to have sub-national governments select immigrants based on local preferences, decentralization has also had its limitations.

higher percentage share of non-economic class immigrants than any other jurisdiction, the PNP allows it to address some of its key labour market needs.

Decentralization has also been highly beneficial to immigrants. It has given them many more entry options into Canada to choose from and the opportunity to arrive in a jurisdiction where their skills are aligned with the demands of the local labour market. A 2011 IRCC evaluation observed that 70 per cent of those who immigrated to Canada through the PNP between 2000 and 2008 found work in line with their skill set. Some other studies shed light on the positive rates of employment and earnings of PNP immigrants. These findings are encouraging given the declining labour market outcomes of Canada’s immigrants since the 1980s.

The PTs also use their selection powers to address social and cultural goals. Quebec’s selection policy requires an applicant to be proficient in French, which serves to facilitate his or her integration into the provincial economy and strengthen the francophone fabric of its society. New Brunswick, Manitoba, and Ontario are also among those that use their PNPs to draw more francophone immigrants to their jurisdictions. In addition, several PTs previously used their PNPs to facilitate family reunification.

The decentralization benefits highlighted here are consistent with those hypothesized in the optimal model. Mainly, it is advantageous to have sub-national governments select immigrants based on local preferences. But, decentralization has also had its limitations.

Decentralization Challenges

An underlying claim of the optimal model is that decentralizing selection is more effective. The rationale is that sub-national governments are better placed to select immigrants likely to integrate into their jurisdiction’s economy and society. However, several concerns and

5 Immigration, Refugees and Citizenship Canada, Evaluation of the Provincial Nominee Program.
6 For example, see Carter, Pandey, and Townsend, The Manitoba Provincial Nominee Program; Hou and Picot, Changing Immigrant Characteristics.
7 For example, see Grant, Brain Gain 2015.
challenges have emerged since Canada’s trend toward increased decentralization, including perceived inefficiencies. They include maintaining the integrity of PT selection programs, reducing duplication between federal and PT streams, ensuring national policy coherence, and identifying how to balance national and PT interests.

Program Integrity

Program integrity relates to detecting application fraud and misrepresentation, and ensuring rigorous standards are used to review immigration applications across Canada. For instance, decentralization has increased the likelihood of immigration applicants misrepresenting where they intend to reside to secure a more convenient path into Canada. Since mobility rights are guaranteed under the Canadian Charter of Rights and Freedom’s section 6 (2), an immigration applicant can use one jurisdiction’s program as a back door into another, thereby undermining the integrity of PT selection programs. PT business immigration streams have been found to be problematic in this regard.9 IRCC’s PNP evaluation pointed to the rate of defaults on refundable deposits made by immigrants who have entered Canada under a PNP business stream as a potential indicator of fraud.10 Though applicant misrepresentation and fraud are common to all of Canada’s immigration programs, the IRCC evaluation listed concerns about varying degrees of rigour being applied across jurisdictions to assess if an applicant meets eligibility criteria and is truthful.

Government and non-government stakeholders alike have argued that some PTs have not paid enough attention to evaluating the PNP’s performance.11 Indeed, a number of provincial auditors general have highlighted inconsistencies in how the PNP is monitored and lack of transparency in how policies are formed. These concerns are part of a broader immigration governance issue. Since the two levels of government are highly engaged in immigration, it is more difficult for

9 e l-Assal, Entrepreneur and Investor Immigration.

10 A number of PTs would ask an immigrant entering through a PNP business stream to make a deposit, which would be refundable upon the immigrant proving he or she established a business in the province.

11 Office of the Auditor General of Canada, Report of the Auditor General; Albiom and Cohl, Shaping the Future; Seidle, Canada’s Provincial Nominee Immigration Programs.
Canadians to hold governments accountable for the immigration system’s successes and shortcomings. This can be juxtaposed with the past when immigration was largely centralized and accountability was traced back to the federal government. That being said, you would be hard pressed to find many immigration stakeholders advocating for a return to the “old days” of immigration governance.

Program Duplication and Policy Coherence
Decentralization has raised concerns about duplication of federal and PT selection programs, and policy coherence. Seidle observes that federal and PT officials have each claimed the other side has replicated efforts to select certain types of immigrants, such as former temporary residents of Canada. He goes on to note that, in response to its belief that their programs were duplicating its own, the federal government pressured Manitoba and Saskatchewan to change their PNP family reunification streams. Duplication is an issue because rather than complementing one another’s efforts, program overlapping creates redundancies, which are financially inefficient and can cause confusion for immigration applicants.

Program overlapping may be due to a lack of policy coherence nationally. While coherence between federal and Quebec selection programs is less of a challenge since Quebec is responsible for admitting all of its economic class immigrants, it is more challenging to achieve between Ottawa and the other PTs. For instance, one interviewee argued that despite the federal government and PTs outlining two-step migration as a policy goal (temporary residents transitioning to Canadian permanent resident status), the level of engagement between the two levels of government in achieving this goal has been sub optimal. Discussed further in Chapter 4, this argument can be illustrated by the fact that while most temporary residents are not eligible for federally funded settlement services, some PTs do not offer these services either, which undermines the efforts of both governments to facilitate two-step migration.

12 Seidle, Canada’s Provincial Nominee Immigration Programs; Banting, “Remaking Immigration.”
13 Ibid.
Challenges for Immigration Applicants

All told, Canada’s governments operate some 50 economic class selection streams. The sheer volume of streams, each of which has different eligibility criteria, which change often—and with short notice—as governments constantly modify requirements, highlights the increasing comprehensiveness and complexity of the immigration system. Prospective immigrants and stakeholders (e.g., immigration lawyers) must constantly stay on top of the changes to remain aware of the country’s many different entry paths and their eligibility requirements, which is difficult to do. Indeed, the complexity has been highlighted numerous times in the literature as the PNP has grown in prominence, including by the federal government itself.14 Thus, while the selection process has become more effective, there have been inefficiencies.

As one can imagine, an immigration applicant may find it daunting to navigate the more than 50 streams, each with different criteria, offered by the federal government and 12 PTs (including Quebec). For example, Nakache and Dixon-Perera point out that an individual may apply for temporary work permit extensions and permanent residence at the same time, each of which has different criteria and fees, which may cause the person to feel overwhelmed by the processes’ demanding requirements.15

While temporary residents are often eligible to gain permanent residence through the PNP, they may encounter additional difficulties. For instance, PNP selection streams for applicants currently in the PT as a TFW are often employer-driven, which means the applicant depends upon his or her incumbent employer to support the PNP application. Nakache and Dixon-Perera argue this can lead to power imbalances, with unscrupulous employers potentially taking advantage of the TFW, who is unlikely to make a complaint against the employer due to dependence on them to attain permanent residence.16 They also explain that in some jurisdictions, a PT may cancel a PNP application if employer abuse is detected, which punishes the temporary resident as the person misses

14 See Chapter 2 of the Office of the Auditor General of Canada’s Fall 2009 report as an example.
15 Nakache and Dixon-Perera, Temporary or Transitional?
16 Ibid.
out on the opportunity to gain permanent residence for something out of his or her control. These challenges tie into the following concern.

**Lack of Legal Frameworks Governing PNPs**

One of the optimal model’s assumptions is that decentralization of selection will result in efficiencies as sub-national governments compete for immigrant talent. One way a government can strengthen its selection process is by governing it through laws and regulations, as is the case with the federal government and Quebec. Among the benefits of doing so are that immigration applicants are protected from fraud and abuse from stakeholders, such as immigrant recruiters or unscrupulous employers. Another benefit of laws and regulations is that they provide applicants with legal recourse to appeal decisions made against their favour. Having immigration laws and regulations in place also enhances accountability and transparency as they are subject to scrutiny by legislatures, courts, and residents, which provides a feedback loop that supports improvements to the immigrant selection processes both federally and in Quebec.

One of the major shortcomings of selection decentralization has been asymmetry in the legal protections available to immigration applicants. While Ontario and British Columbia both passed immigration legislation in 2015, the PTs have long governed their PNPs through policy directives rather than laws and regulations. This has given the PTs flexibility as they can make changes to their PNPs without having to pursue legal reforms through their legislative assemblies, which can be a slow process. But, using policy directives also has its limitations for PT governments and applicants. For instance, without robust laws in place, a PT is constrained in its ability to encourage compliance and deter people from abusing its PNP. As an Ontario government official explained in an interview, the province’s new immigration law gives it compliance tools that strengthen its PNP’s integrity. A person convicted under the *Ontario Immigration Act* may be fined, imprisoned up to two years, or ordered by the provincial court to pay compensation or restitution. The interviewee

---

17 *Immigration, Refugees and Citizenship Canada, Evaluation of the Provincial Nominee Program.*

18 *Ontario Immigration Act.*
noted that by being able to take legal action against the unscrupulous, Ontario signals to stakeholders that the province is making every effort to protect the interests of its residents and itself. Manitoba is similar in this regard, as its Worker Recruitment and Protection Act\textsuperscript{19} provides it with compliance tools against unscrupulous stakeholders.

From an applicant’s perspective, the absence of PT laws provides them with fewer rights and protections in the PNP selection process. Since selection criteria are not always based in law or regulations, applicants have limited legal grounds to challenge refusals in PT courts.\textsuperscript{20} This reduces the accountability of PNP decision-makers. For instance, if an applicant is refused by the federal government on admissibility grounds, the person can request judicial review in a federal court. Or again, Quebec's regulations outline selection criteria that provide legal protections to the province's prospective immigrants, since applicants refused by Quebec can trigger a judicial review in a provincial tribunal and/or court. However, in the absence of laws and regulations governing PNPs, the grounds on which a refused applicant could trigger judicial review in a PT court is unclear due to limited case law on the topic.\textsuperscript{21}

**PNP Allocations**

The decentralization of selection has been an asymmetrical process, which has led to tension between Ottawa and the 11 PTs that operate PNPs. Little conflict has emerged between Ottawa and Quebec since the Canada-Quebec Accord establishes a formula of how many economic class immigrants the province can select each year. As noted above, Quebec’s annual newcomer allocation is determined by its population size in proportion to Canada’s population, and it also has the right to exceed this allocation by 5 per cent for demographic reasons. No such details are included in Ottawa’s bilateral agreements with every other PT. Thus, Ottawa consults with the PTs annually before determining each jurisdiction’s PNP allocation.

\textsuperscript{19} The Worker Recruitment and Protection Act.

\textsuperscript{20} Nakache and Blanchard, “Remedies for Non-Citizens Under Provincial Nominee Programs.”

\textsuperscript{21} Ibid.
A fixture since 2009, the allocations were established by the federal government based on its concerns that due to the PNPs’ growth, fewer people were applying to the Federal Skilled Worker Program,\textsuperscript{22} Canada’s main entry path historically for economic class immigrants. The allocations have contributed to greater selection asymmetry, since Ottawa allowed the PTs to select similar levels of immigrants as the years prior to when the allocations were introduced.\textsuperscript{23} (See Table 6.) This advantaged the provinces that already had highly developed PNPs at the time, namely British Columbia, Alberta, Saskatchewan, and Manitoba, since the allocations were based on historical levels of nominations made by each jurisdiction. Though, while those provinces continue to have an advantage, the remaining provinces have since seen their PNP allocations increase significantly in proportion to when allocations were first introduced.

### Table 6

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>3,000</td>
<td>3,500</td>
<td>3,500</td>
<td>3,500</td>
<td>3,800</td>
<td>4,150</td>
<td>5,800</td>
<td>5,800</td>
</tr>
<tr>
<td>Alberta</td>
<td>4,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,500</td>
<td>5,500</td>
<td>5,500</td>
<td>5,500</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>3,400</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,450</td>
<td>4,725</td>
<td>5,500</td>
<td>5,500</td>
</tr>
<tr>
<td>Manitoba</td>
<td>4,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,500</td>
<td>5,500</td>
</tr>
<tr>
<td>Ontario</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,300</td>
<td>2,500</td>
<td>5,200</td>
<td>5,500</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>350</td>
<td>500</td>
<td>500</td>
<td>500</td>
<td>600</td>
<td>700</td>
<td>1,350</td>
<td>1,350</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td>225</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>1,050</td>
<td>1,050</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>550</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>1,050</td>
<td>1,050</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>350</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>850</td>
<td>850</td>
</tr>
<tr>
<td>Yukon</td>
<td>190</td>
<td>190</td>
<td>190</td>
<td>190</td>
<td>190</td>
<td>190</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>n.a.</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17,065</td>
<td>20,665</td>
<td>20,665</td>
<td>20,665</td>
<td>22,315</td>
<td>24,240</td>
<td>32,300</td>
<td>32,600</td>
</tr>
</tbody>
</table>

n.a. = not available

Note: Express Entry nomination spots for 2015 and 2016 are included.

Sources: Immigration, Refugees and Citizenship Canada; Seidle, Canada’s Provincial Nominee Immigration Programs; The Conference Board of Canada.

Unsurprisingly, the PTs often advocate for higher PNP allocations. This complicates intergovernmental relations as the federal government seeks to balance national and PT interests, while the PTs believe that

\textsuperscript{22} Seidle, Canada’s Provincial Nominee Immigration Programs.
\textsuperscript{23} Banting, “Remaking Immigration.”
The provinces that rely upon their PNP allocations for most of their economic class arrivals argue they need higher PNP allocations to grow their populations and strengthen their economies. They require even more immigrants and, hence, continue to pressure Ottawa. The PTs have different reasons for wanting higher PNP allocations. The following positions were highlighted in interviews with provincial government officials. Provinces that have traditionally had trouble attracting immigrants note that the majority of economic class arrivals to Canada under federal selection programs land in Ontario, Quebec, British Columbia, and, in more recent times, Alberta. Hence, the provinces that rely upon their PNP for most of their economic class arrivals argue they need higher PNP allocations to grow their populations and strengthen their economies; however, Ontario, British Columbia, and Alberta also ask for higher allocations.

Atlantic Canada is an illustrative case of this position. A fallout of Ottawa's decision to impose PNP allocations in 2009 is that since their PNP intakes were relatively small at the time, the allocations have limited the number of immigrants the Atlantic provinces have been able to select ever since. Atlantic Canada's immigrant selection powers are further limited by the various criteria Ottawa uses to determine annual PNP allocations, such as a PT's population size and unemployment rate. An Atlantic Canada government official explained that compared with the rest of Canada, his province has a smaller population, a higher unemployment rate, and less experience in immigration policy and administration. Consequently, his province continues to be assigned lower PNP allocations despite its strong desire for more immigrants. However, these concerns have recently been heeded by Ottawa. In March 2017, the Atlantic Immigration Pilot was launched. Under this three-year federal program, Ottawa is providing Atlantic Canada with the opportunity to recruit up to 2,000 more economic class principal applicants (plus their dependants) in 2017.

Then you have Ontario. While it is by far the largest recipient of Canada's immigrants, Ontario asks for higher PNP allocations for the following reasons. As shown previously in Chart 1, its economic class landings have declined compared with the 1990s and early 2000s. Moreover, its

---

24 Paquet, “The Federalization of Immigration.”
25 Reeve, Devolution and Recentralization.
26 Key informant interview.
27 Immigration, Refugees and Citizenship Canada, Atlantic Immigration Pilot.
economic class immigrants as a share of its total immigrant landings is lower than every other PT. Recently, this has been about 60 per cent annually, and has been as low as 41 per cent, as it was in 2016, though this was also due to the large number of Syrian refugees who landed in the province. In comparison, as many as 70 per cent of immigrants destined for Quebec, Alberta, and British Columbia—the three largest recipients of newcomers after Ontario—fall under the economic class each year. Hence, Ontario argues it requires a higher PNP allocation to support its economy.

Several provincial government and researcher interviewees expressed another concern. They said that higher PNP allocations are needed because federally selected economic class arrivals may not address the PTs' labour market needs. For instance, while PNPs are largely geared toward selection based on predetermined employment or occupation, federally selected arrivals are primarily admitted based on their human capital characteristics. These interviewees believe this leads to mismatches between federal arrivals and the labour market needs of the PTs. Again, these perceived challenges highlight the limitations of Canada's approach to determining selection powers for the PTs every year, compared with Quebec, which has a selection formula in place. It also underscores the importance of intergovernmental relations. When relations are good, a PT may gain a higher PNP allocation. Conversely, sour relations can lead to an allocation that is less than ideal for a PT.

It is important to note that the PTs are asking for higher allocations even though their selection powers have expanded greatly since the PNP's launch. As Chart 2 shows, once dominated by the federal government, the PTs, including Quebec, now select nearly half of Canada's economic class immigrants each year. The Policy Options section below evaluates how FPT governments could reconcile their differences.
Decentralization Is Favoured

The above challenges show that while selection in Canada leans toward the optimal model’s ideal type, decentralization of selection may not necessarily lead to the most optimal outcomes. Despite these challenges, decentralization is viewed favourably by both levels of government. IRCC’s evaluation concluded the PNP was meeting most of the federal government’s policy objectives,\(^\text{28}\) which was also confirmed by an IRCC official in an interview. And as previously stated, emboldened by the success they have achieved by selecting immigrants, the PTs are seeking greater authority from Ottawa. The supportive views of both levels of government buttress the optimal model’s assumption that decentralization is a favourable option if its benefits outweigh its costs. Clearly, that is the case within the Canadian context. In light of the benefits and challenges outlined, it is worthwhile exploring the merits of various policy options that could help strengthen selection governance.

\(^{28}\) Immigration, Refugees and Citizenship Canada, *Evaluation of the Provincial Nominee Program*. 
Policy Options

There are three main selection governance choices that Ottawa and the PTs could pursue. The first is to maintain the status quo of the selection power balance between the two sides. The second would be to further decentralize selection to the PTs. The third would be to increase Ottawa's selection powers. Regardless of which path is pursued, some reforms would be beneficial. For instance, the PTs could reduce the asymmetry in protections available to immigration applicants by introducing laws and regulations to govern their respective PNPs.

Status Quo

First, federal and PT governments could maintain the status quo—the current roughly 50–50 split of federally and PT selected economic class immigrants each year. The obvious benefit is that it would maintain equity and would be a “fair” way of balancing selection powers between the two levels of government. However, this option may not resolve the PTs’ desire for more economic class immigrants. On the other hand, given that Canada needs to increase its immigration levels to maintain a healthy population size and labour force,29 the PTs’ desire could be addressed by increasing their PNP allocations appreciably with the rise in Canada’s immigration intake.

More Decentralization

A second option, more decentralization, would see Ottawa hand most selection powers to the PTs. This would give the PTs more autonomy to meet their needs—which the optimal model hypothesizes is an ideal arrangement. For the most part, PT selection autonomy has proven to be a good thing in Canada. A skeptic might argue that further decentralization would harm Canada’s efforts to promote regionalization. For instance, if Ontario’s PNP allocation is raised significantly, this could come at the expense of smaller PTs’ efforts to draw more immigrants to their jurisdictions, as immigrant applicants will likely be drawn by Ontario’s large economy and immigrant population. Another concern is

29 The Conference Board of Canada, Canadian Outlook.
that PTs could relax their selection criteria to appeal to more immigrants, leading to a race to the bottom. Finally, this option would require both sides to determine how they would reallocate funding, as it would lead to selection administration costs being downloaded to the PTs. In particular, smaller PTs may not have the financial resources to assume greater immigrant selection responsibilities and may turn to Ottawa for additional funding.

More Centralization

A third option, more centralization, would see the federal government reclaim greater selection powers from the PTs. This would create more consistencies in selection standards, may limit duplication between federal and PT programs, and increase policy coherence. Immigration applicants would likely find it easier to apply to the federal government rather than try to sort out PT options. It could also enhance the efficiency of processing applications. While the federal government prioritizes PNP immigrants when processing permanent residence applications, more centralization could decrease the length of time it would take to process applications, especially with Express Entry’s faster processing standards, by having immigrants go through only one level of government.

However, this option would have several major drawbacks. It would undermine the principle of immigrant selection being a matter of shared jurisdiction under the Constitution, likely result in high political costs as intergovernmental relations would assuredly take a turn for the worse, limit the PTs’ ability to address their specific needs, and harm Canada’s regionalization efforts. Given that the Canada-Quebec Accord is considered tantamount to a constitutional agreement, any other province, if its immigration policy is sufficiently thwarted by the federal government, could demand an agreement similar to Quebec’s, and if all provinces were to do so, the federal government would be effectively excluded from economic immigrant selection. Therefore, it is not in Ottawa’s interests to be too intransigent.

Enhancing Policy Coherence

Regardless of which policy option Canada chooses moving forward, the country’s selection programs would benefit from greater collaboration
between the two levels of government. To foster improvement, Seidle proposes a national framework.\textsuperscript{30} Collectively agreed to by FPT governments, it would articulate shared PNP principles and objectives, enhance the intersection of federal and PT programs—thereby limiting potential duplication—promote information-sharing (which could include best practices on monitoring and evaluating PNPs, and detecting fraud), and reinforce intergovernmental collaboration. The framework could also identify an appropriate balance between federally and PT-selected economic class immigrants each year (e.g., through a multi-year levels plan), and could contain key national targets, such as the number of francophone immigrants whom Ottawa and the PTs aim to attract to Canada. Another key target could pertain to two-step migration. Both parties could agree to a goal on the number of temporary residents they would like to see transition to permanent residence. However, to effectively meet regional and local labour market needs, the PTs need a fair degree of freedom of selection in whatever framework is ultimately adopted.

Setting such targets would give both levels of government common goals to work toward and allow them to make policy and program adjustments as necessary. The Atlantic Immigration Pilot will be one to watch in the coming years and could be a positive model in the future of how the two levels of government can complement efforts to achieve mutually beneficial targets.

**Strengthening Legal Frameworks**

Finally, the decentralization of selection can be enhanced by having more PTs introduce laws and regulations to govern their selection programs. Giving legislatures, courts, and residents the opportunity to scrutinize PNPs and providing immigration applicants with recourse to challenge refusals should improve the accountability, transparency, and efficiency of PNPs. It would also benefit PTs as they would be able to encourage people to comply with the law, thereby improving the integrity and efficiency of their PNPs, and protect residents and applicants.

\textsuperscript{30} Seidle, Canada’s Provincial Nominee Immigration Programs.
Conclusion

Selection decentralization has its limitations in Canada. Ottawa and PTs have faced program integrity issues, concerns about program duplication, and difficulties working toward shared policy objectives, which undermine the optimal model's assumption that decentralization will enhance efficiency. Another consequence of decentralization in Canada has been asymmetry in the legal protections available to immigration applicants. While those who have applied to federal and Quebec programs have been protected by laws and regulations, the same cannot be said for applicants of PNPs. Ottawa and the PTs have also encountered challenges determining the best balance of federally versus PT-selected immigrants since PNP allocations were introduced in 2009.

Yet, the benefits far outweigh these limitations, and illustrate the advantages of decentralization outlined in the optimal model. Decentralization has promoted the distribution of immigrants across Canada, namely away from the three traditional destinations of immigrants to Canada—Ontario, Quebec, and British Columbia. Providing Quebec with autonomy supports national unity. Meanwhile, some studies show that immigrants coming to Canada through PNPs have positive economic outcomes.

Moving forward, Ottawa and the PTs are faced with three main choices. They could maintain the status quo of selection powers, which gives each side the ability to admit roughly an equal share of economic class immigrants each year. They could decentralize selection even further, giving the PTs more powers. Or, they could centralize selection, once again leaving Ottawa with more control—a far less appealing option given decentralization's proven benefits.

While Canadian selection governance is not exactly the ideal type described in the optimal model, since Ottawa maintains great selection powers, the benefits envisioned from decentralization in the optimal model could still be achieved in Canada through more intergovernmental collaboration to improve integrity, policy coherence, and reduce duplication, and by enshrining more PNPs into laws and regulations.
CHAPTER 4
Managing Settlement

Chapter Summary

● Canada operates three federally funded settlement governance models. Only Quebec's falls under the optimal model's definition of an ideal type.

● A major benefit of federally funded services is that immigrants have access to comparable standards of services across the country. Its limitations include difficulties identifying the right balance between accountability and flexibility.

● Greater intergovernmental collaboration is needed to address key issues, such as addressing services gaps for temporary residents.
Canadian settlement governance is complex. As recently as 2014, Canada had four different federally funded models operating concurrently, two of which fell under the optimal model’s definition of an ideal type. However, only one of the three models currently operating is “optimal.”

On the one hand, Canada’s current federally funded models ensure immigrants across the country have access to comparable standards of settlement services. Decentralization of services delivery in Quebec is also viewed as beneficial as it accommodates Quebec’s special status, which is good for national unity, and from a process perspective since it enhances efficiency. Though, from an outcomes perspective, the labour market integration challenges experienced by immigrants in Quebec run counter to the optimal model’s assumption that decentralized settlement services delivery is ideal.

The models also have various other limitations, including difficulties identifying the right balance between accountability and flexibility. In other words, the federal government has struggled to determine how taxpayer money can be spent efficiently while also giving settlement provider organizations (SPOs) adequate flexibility to deliver services based on the unique needs of immigrants within each jurisdiction. Following an evaluation of these issues, this chapter reviews various policy options.

**Background of Federally Funded Settlement Services Governance Models**

Before evaluating the federally funded settlement services governance models, it is important to note that the PTs and municipalities also fund and deliver a range of services that assist the newcomer settlement process. (See “Multi-Level Immigrant Settlement and Integration

---

1 Not-for profit organizations, employers, educational institutions, individuals, international organizations, and PT and municipal governments are also eligible to apply for federal settlement funding.
Ontario spends the most among provinces on settlement services—just over $100 million per year.²

Multi-Level Immigrant Settlement and Integration Responsibilities

Canada's three levels of government each play vital roles in immigrant settlement and integration:

Federal Government
- is Canada's largest funder of settlement and integration services;
- operates initiatives promoting multiculturalism and linguistic duality, making Canada more welcoming for immigrants from around the world;
- administers the Interim Federal Health Program to provide health services to people not covered by PT health services;
- makes significant transfer payments to PTs, including for health, education, workforce training, and transportation, which also benefits immigrants.

PT Governments
- are significant funders of settlement and integration services;
- are responsible for areas of crucial importance to provincial residents including immigrants, such as health, education, skills development, transportation, children, youth, community, and social services, francophone affairs, housing, and labour.

Municipal Governments
- are responsible for areas critical to immigrant settlement and integration, despite their lack of jurisdiction in immigration—the areas include affordable housing, public transit, sports, recreation, and library services.

Source: The Conference Board of Canada.

IRCC is the largest funder of settlement services in Canada and plays a decisive role in establishing the terms and conditions of how the funds are to be spent in every PT except Quebec. Funding of these

services makes up the lion’s share of IRCC’s annual expenditures. In the 2016–17 fiscal year, this was estimated at $1.174 billion—71 per cent of IRCC’s budget (this percentage figure includes the annual settlement grant to Quebec, which is in lieu of IRCC delivering settlement services in the province). As large as this is, it represents only a fraction of Ottawa’s overall spending on the country’s immigrants, who just like other residents of Canada, benefit from many programs and services in additional policy areas funded by the federal government (e.g., education, workforce training, and health transfer payments made to PTs). In general, the federal government and PTs contract SPOs to deliver settlement programs to immigrants. A major benefit of doing so is that the two levels of governments leverage the expertise of SPOs.

Since 1991, Canada has used four settlement governance models to administer federal funding. Currently, three are in operation: comprehensive, co-management, and consultative.

**Comprehensive Model**

Quebec’s settlement governance model is closest to the optimal model’s ideal type. Unlike every other PT, Quebec has full autonomy to administer Ottawa’s funds without federal oversight. Since Ottawa’s settlement payments to Quebec are grants, the province is not required to report to the federal government on how it spends the funds. (See “Financial Accountability of Federally Funded Settlement Services.”) The Canada-Quebec Accord outlines the formula used by Ottawa to fund settlement services in the province. An important feature of the formula is a clause that stipulates each increase in funding is Quebec’s new base level of compensation. This so-called escalation clause means that the federal government’s grants to Quebec can only increase over time, even if the number of newcomers to Quebec declines as a proportion of all immigrants to Canada. This is a source of asymmetry in the immigration system’s operations, as Quebec receives more federal settlement funding per immigrant than the other PTs due to the escalation clause and the formula accounting for the extra costs of francization services.

---


---
Financial Accountability of Federally Funded Settlement Services

The Financial Administration Act, 1985 (FAA), Federal Accountability Act, 2006, and the 2008 Policy on Transfer Payments play pivotal roles in Canadian immigration governance, namely on the reporting and measuring of the effectiveness of federally funded immigrant settlement and integration services. Under the FAA, federal departments must review each of their program grants and contributions every five years, which became a requirement after the Federal Accountability Act was amended to this effect. Before 2006, federal departments were not legally obliged to review their grants on a regular basis.

In addition to FAA requirements, the relevance and performance of federal spending on immigration programs, such as those managed by IRCC, must comply with Treasury Board of Canada Secretariat (TBS) policies. The 2008 Policy on Transfer Payments is of particular importance to the immigration system given the federal government’s annual settlement funding transfers to immigrant SPOs in each PT (except Quebec), which are subject to federal scrutiny. Since the federal government’s annual settlement funding allocation to Quebec comes in the form of a grant, as stipulated under the Canada-Quebec Accord, it is not subject to the same federal scrutiny under the aforementioned laws and TBS policies.

Sources: Immigration, Refugees and Citizenship Canada; The Conference Board of Canada.

Devolved Model

The devolved model operated in Manitoba and British Columbia as of 1998, with both provinces possessing a similar level of autonomy as Quebec, although their spending was subject to federal oversight. While Ottawa determined funding levels and overall policy objectives, Manitoba and British Columbia established settlement operational policy and allocated federal funds to SPOs, which would bid on provincial rather than federal contracts. In 2012, Ottawa announced it was resuming the administration of its settlement funds in Manitoba and British Columbia.

4 Immigration, Refugees and Citizenship Canada, Evaluation of the Grant to Quebec.
5 Ibid.
in 2013 and 2014, respectively. The decision was part of Ottawa’s efforts to create more symmetry in the national settlement program. The federal government justified the decision on the grounds that it wanted to ensure services were provided to immigrants consistently across Canada and that they contributed to nation-building objectives. However, two interviewees said there was more to Ottawa’s decision—they claimed that other provinces were interested in similar agreements and Ottawa did not want to cede even more control of settlement program delivery.

Co-Management Model
The co-management model applies only in Alberta. Each year, Canada and Alberta’s governments send out a joint request for proposals from SPOS. Government officials review each proposal together, determine which SPOS to fund, how much to fund them, and how the two levels of government will share the funding. This has the additional benefit that Alberta SPOS do not have to make separate proposals to each level of government. However, the federal government ultimately determines settlement program funding criteria and is the principal funder of services in Alberta.

Consultative Model
Currently, the consultative model applies in every PT except Quebec and Alberta. Each year, IRCC determines how much money to provide to SPOS across Canada based on a national settlement funding formula. The formula is determined by recent immigration landings (a three-year rolling average is used to reduce annual changes) and the composition of immigrants in each PT—additional money is provided based on the size of a jurisdiction’s refugee population since they often require more support to integrate into Canadian society. Under the consultative model, Ottawa consults with the PTs on the settlement issues in each jurisdiction, designs settlement services criteria, and administers and

7 Seidle, The Canada-Ontario Immigration Agreement.
8 Reeve, Devolution and Recentralization.
delivers funding to SPOs across Canada that bid on contracts and must abide by federal criteria, including who can be provided services.

**Benefits and Challenges of Current Governance Models**

Fiscal federalism literature theorizes that decentralizing settlement governance would lead to optimal outcomes as sub-national governments are best placed to provide supports to immigrants based on the unique economic and cultural features of their jurisdictions. It goes on to argue that competition between provincial jurisdictions gives them incentive to provide immigrants with the best supports possible to ensure they integrate into the labour market and society, thereby enriching the jurisdiction. Further, the optimal model posits that decentralization has political benefits as it helps to reduce pressures that a central government often faces regarding perceptions of it favouring certain sub-national jurisdictions.

As we have seen, only Quebec’s model fits this mould. The remaining PTs have the constitutional prerogative to manage settlement in a decentralized manner—where they can shape settlement policy and administration based on their needs. While they do so, it is limited due to their funding constraints. As such, their dependence on Ottawa means that settlement policy and administration remains highly centralized, as the federal government requires that SPOs across Canada adhere to strict program guidelines.

The federal government’s role as the most influential actor in Canadian settlement governance has its benefits. Due to its immense financial resources, Ottawa is best positioned to devote substantial and consistent funding to the country’s settlement program, which helps to ensure immigrants are given the supports they need to integrate into the country. Steady funding also enhances the expertise of SPOs to deliver effective services. Ottawa’s influence results in immigrants being offered comparable standards of support from coast to coast. This not only bodes well for newcomers, but for the country at large, as Ottawa buttresses nation-building through the settlement program.
It also has its limitations. The PTs’ reliance on Ottawa for settlement funding has created tensions between the parties. Beginning in the mid-1990s, settlement funding became a major issue for over a decade when Ottawa sought to save money by offering to devolve service delivery to the PTs.9 In the wake of this offer, and as Quebec’s settlement funding was increasing at a quicker rate than their own, the PTs increasingly sought their “fair share” of funding from Ottawa in relation to the size and composition of their immigrant populations. These pressures played a role in IRCC’s settlement transfers and grants to the PTs quadrupling since the 2000–01 federal fiscal year. (See Table 7.) This funding does not include the money spent by other federal departments, such as Employment and Social Development Canada, which partly supports immigrants.

While settlement funding is less contentious today, following Ottawa’s increase in expenditures nationally, it remains a focal point of intergovernmental relations. For instance, an interviewee noted that Ontario did not sign a new comprehensive bilateral immigration agreement with Ottawa after the previous one expired because the two sides disagreed on how much settlement funding the federal government should distribute in the province. Under the Canada-Ontario Immigration Agreement, the federal government significantly increased settlement funding in the province between 2005 and 2010 until the agreement expired and Ontario was included in the national funding envelope. (See “Canada-Ontario Immigration Agreement.”) As overall immigration to Ontario had declined while increasing dramatically in the Prairie provinces, the federal government reallocated settlement funding accordingly. However, Ontario continues to argue that the national funding formula does not adequately account for the fact the province receives more non-economic class immigrants—who tend to require more settlement supports—than any other jurisdiction.

9 Vineberg, Responding to Immigrants’ Settlement Needs.
Table 7
Estimated Federal Government Settlement Transfers and Grants, 2001–02 to 2016–17 ($)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2000–01</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>104,140,000</td>
<td>*</td>
<td>4,981,100</td>
<td>*</td>
<td>*</td>
<td>46,533,126</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>304,800,000</td>
</tr>
<tr>
<td>2001–02</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>111,723,000</td>
<td>*</td>
<td>5,027,800</td>
<td>*</td>
<td>*</td>
<td>42,723,958</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>312,200,000</td>
</tr>
<tr>
<td>2002–03</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>135,734,000</td>
<td>*</td>
<td>5,521,800</td>
<td>*</td>
<td>*</td>
<td>39,725,763</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>382,900,000</td>
</tr>
<tr>
<td>2003–04</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>164,100,000</td>
<td>*</td>
<td>6,592,000</td>
<td>*</td>
<td>*</td>
<td>36,915,469</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>420,000,000</td>
</tr>
<tr>
<td>2004–05</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>160,786,000</td>
<td>109,600,000</td>
<td>7,353,200</td>
<td>*</td>
<td>*</td>
<td>37,170,407</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>435,300,000</td>
</tr>
<tr>
<td>2005–06</td>
<td>892,475</td>
<td>327,800</td>
<td>2,127,778</td>
<td>1,012,201</td>
<td>188,353,000</td>
<td>159,600,000</td>
<td>8,196,200</td>
<td>2,577,750</td>
<td>15,940,875</td>
<td>39,522,901</td>
<td>109,248</td>
<td>150,000</td>
<td>150,000</td>
<td>418,960,228</td>
</tr>
<tr>
<td>2006–07</td>
<td>1,244,276</td>
<td>424,744</td>
<td>2,722,534</td>
<td>1,305,218</td>
<td>199,570,000</td>
<td>224,600,000</td>
<td>11,985,600</td>
<td>3,247,595</td>
<td>25,123,492</td>
<td>68,935,594</td>
<td>137,812</td>
<td>203,647</td>
<td>195,513</td>
<td>539,696,025</td>
</tr>
<tr>
<td>2007–08</td>
<td>1,311,252</td>
<td>773,702</td>
<td>3,380,925</td>
<td>1,785,240</td>
<td>202,364,000</td>
<td>294,600,000</td>
<td>16,741,500</td>
<td>3,985,192</td>
<td>30,591,991</td>
<td>79,242,365</td>
<td>215,056</td>
<td>306,142</td>
<td>287,427</td>
<td>635,584,792</td>
</tr>
<tr>
<td>2008–09</td>
<td>1,391,455</td>
<td>990,367</td>
<td>4,967,025</td>
<td>2,709,592</td>
<td>218,500,000</td>
<td>359,600,000</td>
<td>25,387,000</td>
<td>5,560,039</td>
<td>47,199,829</td>
<td>106,399,529</td>
<td>102,523</td>
<td>271,915</td>
<td>219,345</td>
<td>554,798,619</td>
</tr>
<tr>
<td>2009–10</td>
<td>1,880,669</td>
<td>1,915,475</td>
<td>6,767,461</td>
<td>4,219,820</td>
<td>232,190,200</td>
<td>429,600,000</td>
<td>27,941,126</td>
<td>8,030,275</td>
<td>58,536,986</td>
<td>120,729,982</td>
<td>434,030</td>
<td>612,413</td>
<td>571,080</td>
<td>893,429,517</td>
</tr>
<tr>
<td>2011–12</td>
<td>2,223,039</td>
<td>3,946,142</td>
<td>7,012,146</td>
<td>5,179,369</td>
<td>283,102,000</td>
<td>346,521,868</td>
<td>32,027,618</td>
<td>14,255,519</td>
<td>64,071,989</td>
<td>105,558,092</td>
<td>463,377</td>
<td>672,976</td>
<td>709,534</td>
<td>865,743,669</td>
</tr>
<tr>
<td>2012–13</td>
<td>2,512,975</td>
<td>5,218,024</td>
<td>7,078,944</td>
<td>5,664,069</td>
<td>284,501,000</td>
<td>314,950,874</td>
<td>36,539,512</td>
<td>17,995,061</td>
<td>74,978,539</td>
<td>109,813,233</td>
<td>469,800</td>
<td>723,998</td>
<td>932,632</td>
<td>861,378,661</td>
</tr>
<tr>
<td>2013–14</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>319,967,000</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>970,807,076</td>
</tr>
<tr>
<td>2014–15</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>340,568,000</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>1,010,190,212</td>
</tr>
<tr>
<td>2015–16</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>340,568,000</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>1,116,866,241</td>
</tr>
<tr>
<td>2016–17</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>1,174,026,452</td>
</tr>
</tbody>
</table>

* denotes information is not publicly available
Sources: Seidle, *The Canada-Ontario Immigration Agreement*; Immigration, Refugees and Citizenship Canada; Treasury Board of Canada Secretariat; Government of Quebec; The Conference Board of Canada.
Canada-Ontario Immigration Agreement

In 2005, the Canada-Ontario Immigration Agreement (COIA) was signed. Among its notable features, it provided for the launch of a pilot Ontario PNP and contained an annex on partnerships with municipalities. This annex led to the signing of the Canada-Ontario-Toronto Memorandum of Understanding on Immigration and Settlement, which represented the only formal federal-provincial-municipal arrangement in the field and supported information-sharing and consultations between the three levels of government.

Under COIA, the federal government made a special commitment of $920 million in settlement funding between the 2005–06 and 2009–10 federal fiscal years, which represented a near tripling of what it had intended on spending in Ontario.10

Following COIA’s expiration in 2010, Canada and Ontario extended the agreement by one year, during which Ontario fell under the national funding envelope, as the two sides sought to come to terms on a new agreement. No such comprehensive immigration agreement has been in place since 2011, as the parties have been unable to reach middle ground. Rather, they negotiated two separate agreements covering PNPs and foreign workers.

Sources: Immigration, Refugees and Citizenship Canada; Seidle, The Canada-Ontario Immigration Agreement.

With these thoughts in mind, the following discussion takes a closer look at the benefits and challenges of the three federally funded models.

The Comprehensive Model

Quebec has a highly favourable settlement governance model. In addition to its complete autonomy to administer the funds it receives from Ottawa, its funding is guaranteed to increase, due to the accord’s escalation clause, regardless of the province’s annual newcomer intake, as was highlighted in Table 7. This can be compared with the national funding formula used to disburse settlement monies to the remaining PTs, which is tied to their recent newcomer population, and therefore increases or decreases appreciably with their immigrant flow.

10 Immigration, Refugees and Citizenship Canada, Backgrounder—Strategic Plan and Improvements.
Unsurprisingly, a Government of Quebec interviewee commented that the province is satisfied with its model. The interviewee explained the model is successful in preserving the province’s francophone identity, as newcomers and their children are offered the French-language supports that they need to integrate into Quebec society.

Quebec’s model also helps to promote nation-building within the province itself. And, due to its control over the area, some research indicates that Quebec’s settlement policy is coherent and integrated with other areas, including economic development, regionalization, and social cohesion.11 Indeed, evaluations of Quebec, Manitoba, and British Columbia’s12 experiences managing federal funds draw parallels. Reports indicate these three cases fostered services innovation, reduced duplication, created a more simplified user experience to access supports, and resulted in more communication between the provinces and SPOS to support improvements. So, from a process perspective, a centralized approach to settlement delivery appears beneficial.

Yet, from an outcomes perspective, one key indicator highlights the challenges that immigrants face integrating into Quebec society. As Table 8 shows, immigrants in Quebec have the highest rates of unemployment in Canada. This challenge is not necessarily an indictment against Quebec’s settlement model, as it is likely due to a combination of factors. For instance, Quebec is in the process of modernizing its approach to selecting immigrants and is aiming to implement an “expression of interest” system in 2018 to make its selection process more dynamic and better connected with the needs of the labour market. Nonetheless, the labour market barriers that immigrants experience in Quebec undermine the optimal model’s assumption that centralization of settlement governance is ideal.

11 Chiasson and Koji, “Quebec Immigrant Settlement.”
12 For example, see Dickson and others, Devolving Settlement Funding; Clement, Carter, and Vineberg, Case Study; Reeve, Devolution and Recentralization; Seidle, The Canada-Ontario Immigration Agreement.
Moreover, Quebec’s model poses difficulties for Ottawa from an accountability and financial perspective. For one, IRCC does not know how Quebec spends federal funds each year, as noted in a 2012 evaluation it conducted.  

13 While Quebec’s immigration ministry tables an annual immigration report before the province’s National Assembly each year, there is no breakdown on how federal funds are allocated. Regarding performance, the evaluation notes that IRCC “cannot fully meet the FAA requirement, since there is no formal accountability mechanism built into the Canada-Quebec Accord for Quebec to report on settlement and integration outcomes resulting from federal funding.”  

14 Thus, while the Accord provides Quebec with flexibility, it reduces accountability and transparency for the Canadian taxpayer. Another federal concern identified in its evaluation is the financial sustainability of the accord’s escalation clause.  

Quebec’s agreement also creates intergovernmental challenges due to its asymmetrical settlement funding formula, which raises questions of fairness. Consider that, according to Ottawa’s calculations, Quebec received $4,692 per immigrant in federal funding compared with $3,639 per immigrant in the rest of Canada in 2009–10.  

15 While

---

Table 8
Unemployment Rate by Immigrant Status of Population Aged 25 to 54, by Province, 2016 (per cent)

<table>
<thead>
<tr>
<th></th>
<th>Canada</th>
<th>Atlantic provinces</th>
<th>Quebec</th>
<th>Ontario</th>
<th>Manitoba and Saskatchewan</th>
<th>Alberta</th>
<th>British Columbia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>6.0</td>
<td>8.5</td>
<td>6.1</td>
<td>5.4</td>
<td>5.3</td>
<td>7.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Landed immigrants</td>
<td>6.9</td>
<td>6.6</td>
<td>9.0</td>
<td>6.4</td>
<td>5.5</td>
<td>8.7</td>
<td>5.5</td>
</tr>
<tr>
<td>Immigrants, landed 5 or fewer years earlier</td>
<td>10.2</td>
<td>9.2</td>
<td>12.7</td>
<td>11.2</td>
<td>6.8</td>
<td>8.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Immigrants, landed 5 to 10 years earlier</td>
<td>7.7</td>
<td>5.8</td>
<td>8.7</td>
<td>7.8</td>
<td>4.5</td>
<td>9.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Immigrants, landed more than 10 years earlier</td>
<td>5.9</td>
<td>5.5</td>
<td>7.8</td>
<td>5.2</td>
<td>5.1</td>
<td>8.4</td>
<td>4.9</td>
</tr>
<tr>
<td>Born in Canada</td>
<td>5.5</td>
<td>8.6</td>
<td>5.3</td>
<td>4.8</td>
<td>5.1</td>
<td>6.6</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, CANSIM table 282-0102.
Ottawa is cognizant of the concerns, as noted in the federal evaluation, addressing them would require it to delve into politically sensitive waters, which could affect national unity. As Canada’s second-largest province, it is unlikely the federal government would want to risk alienating voters in Quebec by altering the funding terms of the Canada-Quebec Accord. Hence, one of the optimal model's claims appears to rings true: Governments will not seek reform if the perceived political costs are thought to outweigh the expected economic benefits.

**The Co-Management Model**

Though Ottawa has the upper hand, this model gives Alberta more influence over decision-making compared with PTs that fall under the consultative model. It helps to reduce duplication in services since the two levels of government work together, identify needs and gaps, and communicate jointly with SPos. This model is seemingly able to balance national and provincial interests. Another benefit, though it results in a drawback, highlighted below, is that SPOS are held to account by not one, but two levels of government.

Though the findings of a 2013 survey of Alberta newcomers suggest the model's results are positive, the literature highlights a few of the model's limitations. First, Seidle writes that SPOS can find it administratively onerous to report to two levels of government. Second, the model's success is largely dependent upon good relations between Alberta and Ottawa, which Seidle notes has not always been present in recent decades. Third, according to Reeve, given the high level of engagement of Alberta and Ottawa, accountability is cloudier compared with centralized models, as it is more difficult for the public to link responsibility to a certain level of government.

16 Reeve, *Decentralization and Recentralization*; key informant interviews.
17 Esses and others, *Alberta Settlement*.
18 Seidle, *The Canada-Ontario Immigrant Agreement*.
19 Reeve, *Devolution and Recentralization*.
The Consultative Model

The benefits of this model are symmetry in settlement standards and funding nationally. Ottawa’s standards hold SPOs to account as it seeks to ensure taxpayer dollars are spent prudently. The Canadian public can hold Ottawa to account since it is the federal government that exerts tremendous control over the national settlement program. An argument can also be made that a national funding formula is the fairest, most equitable way of allocating funds across Canada.

Limitations of the national funding formula include it not accounting for intraprovincial migration, nor it fully considering the nuances of each jurisdiction’s immigrant population (e.g., that Ontario has a higher proportion of non-economic immigrants than every other PT). Another shortcoming of this model, according to provincial and municipal government officials and researchers interviewed, is that despite providing the federal government with local input, Ottawa’s decisions are made through a national prism, which does not always lend itself to addressing the unique settlement issues experienced by immigrants in communities across the country.

IRCC’s settlement funding policy, namely its accountability requirements, highlights perhaps the biggest limitation in stakeholder reliance upon funding from Ottawa—the conundrum of balancing accountability nationally and flexibility locally. This was by far the most significant issue flagged by interviewees. They recognize Ottawa’s vital and legitimate role of monitoring settlement services to ensure national standards and SPOs are held to account. But they also cautioned that such an approach limits the flexibility and innovative capacity of SPOs to meet local needs. An interviewee, prefacing his remarks by expressing his appreciation of the importance of Ottawa’s role, argued, “If you standardize programs and policies, you may stifle innovation, you lose flexibility to be responsible at the regional level if everyone has to do the same thing … if you ask Saskatchewan to offer the same programs as British Columbia, for example, you are not recognizing the differences in jurisdictions.”

20 Key informant interview.
Interviewees repeatedly noted IRCC’s purportedly strict settlement funding and monitoring requirements, which they argue places much more of an emphasis on the process of settlement delivery and less weight on how services impact immigrants. The literature identifies similar complaints made by SPOs that have commented that stringent accountability requirements have an adverse effect on the SPOs themselves and on immigrants—that adhering to process is more critical than achieving positive settlement outcomes.21

However, one must also place themselves in IRCC’s shoes when considering these criticisms. Given the amount of money it is disbursing and the number of SPOs it funds, it is incumbent upon IRCC to protect taxpayer dollars. (See “Federal Settlement Funding Guidelines.”) This largely entails seeking to ensure SPOs deliver the best possible services to newcomers. While SPOs are dependent on government funding for their existence, they have the option of negotiating the terms of their agreement before they accept money from IRCC—as uneven as their relationship is with Ottawa, the SPOs have some wiggle room before they reach an agreement. The issue of flexibility is difficult to reconcile, as, on the one hand, IRCC’s funding criteria do provide for quite a bit of latitude as to what services an SPO can deliver and how they can deliver them, while conversely, interviewees and the literature suggest their flexibility is constrained.

Federal Settlement Funding Guidelines

Federally funded settlement and integration services focus on four areas—information and orientation, language training and skills development, labour market access, and welcoming communities.22 SPOs bid for federal funding and must adhere to IRCC’s requirements.23 For instance, to receive IRCC funding for settlement services, SPOs must demonstrate in their application how their services are commensurate with any of the aforementioned four areas, and meet

21 Stasiulis, Hughes, and Avery, “From Government to Multi-Level Governance.”
22 Immigration, Refugees and Citizenship Canada, Settlement Program and Resettlement Assistance Program.
23 Immigration, Refugees and Citizenship Canada, Funding Guidelines.
one of IRCC’s program themes.24 If IRCC chooses a bid, it negotiates the terms of the agreement with an SPO. As part of the agreement, IRCC determines if the SPO has to report to Ottawa on the services it delivers on a monthly or quarterly basis—which depends on the SPO’s experience and financial viability. Once it begins to deliver services, the SPO touches base with IRCC on issues such as the activities it conducted over the reporting period, how many newcomers were served, the challenges it experienced, and the amount of money it spent.

Sources: Immigration, Refugees and Citizenship Canada; The Conference Board of Canada.

Temporary Resident Support Gaps

Although both levels of government offer two-step migration pathways, most temporary residents (except caregivers) are not listed as eligible for IRCC settlement funding. An interviewee explained that given its substantial expenditures in the area already, it would become much more expensive for Ottawa to fund settlement supports for temporary residents. In this vein, due to the sheer volume of temporary residents in Canada, the majority of whom eventually leave the country, it is not practical to offer settlement supports to all of them.

Most PT government interviewees pointed out that they offer PT-funded settlement services to immigrants and temporary residents alike. However, again, due to PT funding constraints, temporary residents may not be able to get all the supports they need. Also, one of the limitations of PT-funded services is asymmetry of access—in some jurisdictions, temporary residents are not eligible for PT-funded settlement supports.25 The settlement services gaps are commonly found in areas such as language training, counselling, information, pathfinding, filling out an immigration application, and rural communities that may not have the capacity to offer any supports.26

The gaps in settlement services have several negative implications. First, limited supports, for instance in language training, make it difficult

---

24 Examples of the themes include needs assessment and referral; information and orientation; language training and skills development; employment-related; community connections; and support services.

25 Canadian Council for Refugees and others, Migrant Workers.

26 Ibid.
for temporary residents to integrate into Canadian society, and possibly limit their ability to function at their fullest capacity in the workplace or classroom. Another challenge is that lack of supports may hinder the two-step migration process for some, who in the absence of strong language skills, may not be eligible for permanent residence. There are also challenges for those who successfully transition to permanent residence. Several interviewees believe that these people can be at a disadvantage when they become permanent residents without settlement supports during their temporary residence, which forces them to play catch-up as permanent residents to become more fully integrated into Canadian society. This view is in line with a wide body of literature that shows that the earlier that settlement supports are provided, the more likely a person is to economically and socially integrate in Canada.27

The above observations highlight the limitations in two-step migration policy coherence. On the one hand, governments want to facilitate two-step migration, but on the other, the supports they offer temporary residents can be limited, thereby hindering one's ability to gain permanent residence or integrate quickly upon arrival in Canada.

**Intergovernmental Challenges**

Lack of FPT settlement services coordination is another challenge cited by provincial interviewees. One argued that Ottawa’s decision to recentralize services in his jurisdiction has led to increasing gaps due to the two levels of government delivering services in parallel, rather than collaboratively. He said this creates confusion for immigrants, who have trouble identifying how to access available settlement supports. Several provincial interviewees expressed frustration with duplication in settlement services, which they argue is to the detriment of immigrants. One explained that although her province funds language training, Ottawa will often fund the exact same services already available in the jurisdiction due to lack of coordination, which limits the reach of taxpayer money. She argued that through better communications, her province and Ottawa could more effectively purpose funding to reduce duplication and ensure more immigrants are supported. For instance,

27 See, for example, Shields and Türegün, *Settlement and Integration Research Synthesis*. 
she said that Ottawa could agree to fund English training at Canadian Language Benchmarks levels 1 to 6 while the PTs could fund the more advanced levels.

Interviewees also highlighted information-sharing shortfalls. Several contend that their province has struggled to obtain data from Ottawa on the composition of newcomers who have recently arrived in their jurisdiction through federal programs. Without such data, they argue it is difficult for their province to identify the skill set of newcomers, how commensurate they are with the province’s labour market needs, and the types of settlement supports that newcomers might require. As one example, an interviewee remarked that more of this information would better allow the PTs to support refugees who have mental health needs. Lack of information-sharing also makes it difficult to measure settlement outcomes, according to a provincial interviewee. Although these data are important to identifying how effective language-training programs are, she says it is not collected and shared by Ottawa consistently, and when it is shared, it can be three to four years old.

A broader issue here may be shortcomings in the bilateral agreements themselves. As Reeve notes, bilateral agreements aim to enhance relations and efficiency by identifying the roles and responsibilities of each level of government. However, he observes that any time an agreement does not establish clear guidelines—in this case, for the delivery of settlement and integration services, which holds true for every bilateral agreement except for the Canada-Quebec Accord—there arises the possibility of duplication and complication. This has also been discussed in the previous chapter. To avoid the associated difficulties, an optimal approach would require the two levels of government to work in lockstep to set priorities, how much funding is required, how funding will be divided, and how to monitor performance. This approach, while challenging to implement due to the need for constant communications and goodwill between governments, would better ensure gaps are filled and broad needs are met, thereby striking a better balance between accountability and flexibility.

---

28 Reeve, Devolution and Recentralization.
Policy Options

Three settlement governance policy options are assessed in this section—maintaining the status quo, increasing the scale of the co-management model, and decentralizing settlement services. Various policy options for Quebec are also explored. Reforms that both levels of government could make to improve settlement governance are evaluated.

Status Quo

The benefits of the status quo option include the continuance of national oversight of the settlement program, which makes it easier to ensure comparable program standards across Canada and supports nation-building objectives. On the other hand, this option does not address several of the aforementioned issues, one of which is that due to PT dependence on Ottawa, SPOs outside of Quebec are allegedly limited in their ability to be flexible to meet local needs—though this model arguably enhances accountability, as SPOs across the country must adhere to Ottawa's standards. Another challenge with this approach is that it increases the likelihood of settlement services duplication if federal and PT governments do not purpose funding in concert. This approach also has accountability challenges, namely with regard to Quebec, which is not required to update Ottawa on the province's administration of federal funds.

More Co-Management

Based on the Canada-Alberta co-management model, this approach could be applied more widely across Canada, giving the PTs a greater say in the federally funded settlement programs offered in their jurisdiction, and would help reduce programming duplication. Conversely, from the PTs’ perspective, Ottawa would continue to have great oversight, which would not address their concerns about lack of flexibility, and reporting to two governments could be administratively onerous for SPOs. While this approach would strengthen accountability of the SPOs themselves, it might limit the public’s ability to determine which level of government should be held responsible for positive and negative outcomes. And though this model currently appears to be the
most practical way of achieving settlement governance reform today, an interviewee and Seidle\textsuperscript{29} caution it requires a lot of goodwill to succeed.

**More Decentralization**

Similar to what it previously did with British Columbia and Manitoba, Ottawa could hand over settlement powers to the PTs that wish to assume the responsibility of federal funds. This would give the PTs much more flexibility to experiment and tailor their settlement programs to local needs, likely increase focus on outcomes than process, and reduce duplication of programs. It could also allow PT departments/ministries, which are closer to the ground than the federal government, to coordinate better to address the requirements of newcomers.\textsuperscript{30} Unlike the Quebec model, Ottawa's funding would continue to come in the form of annual transfers, which would be subject to federal oversight, and together with residents of the jurisdiction, would hold the PTs to account. On the flip side, this approach would limit Ottawa's ability to ensure national settlement standards, which are aimed at ensuring that newcomers are offered similar levels of services regardless of the jurisdiction in which they settle.

**Quebec**

The federal government has three options with respect to Quebec—the status quo, recentralization, or reform. The benefits and drawbacks of the status quo have already been discussed.

Though it is extremely unlikely due to the potential negative political ramifications for Ottawa, which constitute the biggest barrier to reform, Ottawa could decide to recentralize settlement programming in the province. This would address the accountability issue, and would create more symmetry in terms of how settlement programs are administered and delivered across Canada. However, the consequences here would far outweigh the benefits, as this approach would show a lack of appreciation for Quebec's special status in Canada.

\textsuperscript{29} Seidle, *The Canada-Ontario Immigration Agreement*.
\textsuperscript{30} Reeve, *Devolution and Recentralization*. 
A third, more plausible option—though again, would come with political fallout—is a reform of the Canada-Quebec Accord. This might entail modifying Quebec's funding formula, changing the Accord’s language so that Ottawa’s funding becomes a transfer rather than a grant, thereby making it subject to federal oversight, and addressing the issue of accountability. This would be fairer to the Canadian taxpayer, though given how favourable the Accord currently is to Quebec, would likely have to occur through unilateral action by Ottawa, which could harm its relationship with the province.

**Increasing Provincial and Territorial Funding**

Much of the aforementioned critique has been focused on the federal government, given it is the dominant actor in Canada’s settlement program. However, the PTs can also take steps to improve settlement services. For instance, one researcher interviewed argued that some PTs have not increased their settlement funding enough even though their immigration levels have increased. Indeed, while the PTs are spending more on settlement services than they have in the past, most of them started from a very low base. As such, despite their resource constraints, and though it is erroneous to assume increasing expenditures at the federal or PT levels will necessarily lead to better settlement outcomes, the PTs will likely need to increase their own levels of settlement funding, as their immigration levels rise as expected in the future.

**Intergovernmental Collaboration**

Moving forward, governments could collectively improve Canada’s settlement program in various ways. Deepening collaboration between federal, PT, and municipal governments could lead to a more effective division of labour, based on each level of their strengths and capacities, which could increase efficiency, reduce duplication, and provide immigrants with a more comprehensive array of supports. While it may appear to be a daunting task, it is crucial to achieve accountability and flexibility at the same time for the settlement program to improve. A transparent settlement program that is open to public and government oversight and debate will help protect taxpayer money and lead to improvements in programming. Moreover, giving stakeholders the
latitude to experiment could lead to better and more cost-efficient ways of achieving the goal shared by all stakeholders—helping immigrants integrate economically and socially.

Canada’s settlement program will likely benefit from heeding lessons from national settlement frameworks. The frameworks are agreed upon by FPT governments and contain shared goals, and monitoring and evaluation mechanisms. In recent years, the Helping Immigrants Succeed: Federal-Provincial-Territorial Action Plan has been developed. The plan seeks to improve immigrant settlement outcomes and focuses on supporting the human and social capital development of immigrants in three areas—social connections, official languages, and employment/foreign qualification recognition. The plan features a governance structure to implement it and a measurement framework to evaluate its performance. It appears encouraging, as its goals seek to address many of the issues featured in the aforementioned discussion—coordinating FPT efforts; identifying gaps, reducing duplication, and replicating best practices nationally; informing effective use of FPT settlement funding; building a multilateral approach to the settlement program; contributing toward stronger bilateral relations; and informing future calls for proposals by federal and PT governments.

Some of the plan’s features were in the 2012–2015 Vision Action Plan, as part of efforts to establish and monitor settlement outcomes nationally. However, two provincial interviewees argued the efforts suffered from a lack of defined targets for FPT governments to work toward, and an ad hoc approach to outcomes measurement. One pointed out that efforts included a survey of 20,000 newcomers across Canada to help measure satisfaction with settlement services; however, this was done only once. While she recognized the challenges in administering such a large survey, she suggested more frequent surveying to help monitor the settlement program on an ongoing basis—the next round of surveying could come in 2018–19.

31 Immigration, Refugees and Citizenship Canada, Helping Immigrants Succeed.
32 Ibid.
33 Ibid.
Another provincial interviewee believes that settlement targets and monitoring could be established bilaterally along the same lines of workforce training agreements (e.g., job grants, Labour Market Development Agreements) whereby Ottawa would work with the PTs to identify specific desired settlement outcomes in each jurisdiction. He continued that more alignment in federal and PT workforce training agreements could better help immigrants find jobs and could make the settlement system easier for them to navigate, which he argues can be difficult given that governments offer a catalogue of settlement services.

They key take-away here is that more intergovernmental collaboration is likely to strengthen Canada’s settlement program. While the focus of this discussion has been collaboration between governments, various departments/ministries within each level of government have settlement and integration duties to fulfill, and so too do stakeholders from across Canada’s sectors. Immigrant settlement and integration is a whole-of-government and whole-of-society exercise.

**Temporary Residents**

As more people transition to permanent residence, strengthening federal and PT settlement supports for them as temporary residents will become even more imperative. Ottawa could consider a caregiver-like approach to funding settlement services for temporary residents. For instance, it could add temporary residents who it wishes to encourage to become permanent residents (e.g., foreign workers in sectors with labour shortages and/or international students) to the list of clients eligible for federal settlement funding. At the same time, given their ongoing desire to facilitate two-step migration through the PNP, and their growing temporary resident populations, the PTs will likely need to increase their settlement supports to ensure temporary residents get the help they need to thrive in their jurisdictions over the long run. A start can come in the form of all PTs ensuring that temporary residents are eligible for settlement services offered by the jurisdiction.
Conclusion

Of Canada’s three federally funded governance models, only one falls under the optimal model’s ideal type. However, while the theory suggests Quebec’s model would be highly effective, immigrants in the province have the highest unemployment rate in Canada, and the lack of accountability mechanisms leaves IRCC and the Canadian public in the dark as to just how efficiently Quebec uses federal funding. However, the literature suggests some of the common challenges faced in other jurisdictions, such as duplication of federally and PT-funded settlement services, are avoided in Quebec. Studies of British Columbia and Manitoba’s experiences managing settlement funds also indicate good results because both were able to work closely with stakeholders in their provinces, as is currently the case in Quebec. However, while Manitoba and British Columbia were required to report annually on how the federal funds were invested and on outcomes, the federal government was unsatisfied with the detail provided in these reports.

Settlement governance in the rest of Canada strays far from the optimal model. As we have seen, a major challenge with applying the optimal model in the Canadian context is funding. In theory, the PTs have the authority to exercise great latitude on settlement policy and administration. In practice, given how dependent SPOs within their jurisdictions are for federal funding, they must adhere to Ottawa’s guidelines, which constrains their autonomy. As PT-funded services show us, decentralization in Canada does not necessarily produce the best results. Currently, decentralization is leading to asymmetrical access for temporary residents, many of whom are unable to benefit from supports in certain PTs.

Moving forward, there appears to be room for centralized (federally funded) and decentralized (PT-funded) models to operate successfully in tandem. The key is better coordination among governments, which could lead to improvements in quality of services and outcomes, and address gaps for key constituents such as temporary residents.
CHAPTER 5

Canadian Immigration Governance in the 21st Century

Chapter Summary

• This chapter summarizes the benefits and challenges of shared immigration jurisdiction today.

• An aspirational approach to governing Canadian immigration is outlined.

• As the federal government and PTs develop greater expertise in sharing immigration responsibilities, it is likely that they will be able to achieve far more optimal selection and settlement results together.
Given how important it was to the fledgling nation’s success, immigration was outlined as a matter of shared responsibility between Ottawa and the PTs upon Canada’s founding in 1867. The rationale for doing so was that both levels of government had the capacity to manage the area effectively in pursuit of their shared interests. Yet, for much of Canada’s history, PT involvement in immigration was limited.

Interestingly, the Constitution divided immigration responsibilities in a manner that fiscal federalism literature theorizes is optimal. The Constitution provides Ottawa with hegemony over admissions, enforcement, and Canadian citizenship. It is less clear on selection and settlement—the areas the two levels of government manage together.

According to fiscal federalism literature, an optimal model of immigration governance would see the federal government control admissions, enforcement, and citizenship, while selection and settlement would be decentralized to sub-national governments. The basis of this argument is that this division of responsibilities would be the most efficient way of allocating resources, and would lead to positive outcomes such as the preservation of national security and unity, and ensuring immigrants are able to integrate economically, socially, and politically.

Since the 1990s, selection in Canada has become increasingly decentralized. Today, Ottawa and the PTs split the selection of economic class immigrants down the middle. Decentralization has had its limitations and negative consequences, some of which highlight flaws in the optimal model’s assumption that decentralization is likely to result in greater efficiency.

Yet, the benefits of decentralization have far exceeded the limitations. (See Table 9.) Thus, the Canadian context supports the hypothesis that governments will pursue decentralization if its pros outweigh the cons. In Canada, clearly the benefits of regionalization, including respecting Quebec’s autonomy, better distribution of immigrants across Canada,
and positive labour market outcomes of immigrants selected by PTs, outweigh the limitations. That being said, there is room for improvement. For instance, Canada would benefit from having more PTs govern their PNPs through laws and regulations.

Table 9
Summary of Benefits and Challenges of Canadian Immigration Governance

<table>
<thead>
<tr>
<th>Selection</th>
<th>Settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
</tr>
<tr>
<td>• Promotes regionalization</td>
<td>• Immigrants across Canada have access to supports</td>
</tr>
<tr>
<td>• Strengthens Canada’s francophone heritage</td>
<td>• Federal government devotes significant and consistent funding</td>
</tr>
<tr>
<td>• Allows PTs to address local needs</td>
<td>• Strong federal role supports nation-building</td>
</tr>
<tr>
<td>• Good economic outcomes for immigrants selected by PTs</td>
<td>• Respects Quebec’s autonomy and its own nation-building objectives</td>
</tr>
<tr>
<td>• Supports national unity</td>
<td>• PTs have autonomy to shape services based on local interests</td>
</tr>
<tr>
<td>• 50–50 split between federal and PT selected immigrants is “fair”</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Conference Board of Canada.

Meanwhile, other than Quebec, which has a decentralized settlement governance model, SPOs in the remainder of Canada’s PTs rely greatly upon Ottawa for funding, which constrains their autonomy. Hence, settlement governance in Canada veers far from the optimal model. Upon weighing the strengths and limitations of Canada’s current models, it is difficult to determine whether centralization or decentralization is most optimal. However, there is no reason to believe that one model should be chosen over another. Rather, a blend of centralized (federally funded) and decentralized (provincially funded) services could produce better results, so long as governments work together to address shortcomings such as gaps in services for temporary residents.
An Aspirational Approach to Governing Canadian Immigration

Based on our findings, we propose the following aspirational approach to governing Canada’s immigration system in the 21st century. It would allow Canada to reap the benefits and address the challenges we have identified.

Admissions, Enforcement, and Canadian Citizenship

• The federal government would continue to manage admissions, enforcement, and citizenship, as it is in Canada’s best interests for national security, unity, and cost-saving purposes.

Selection

• The two levels of government would continue to share immigration selection responsibilities.

• The federal government would maintain its steering role in the national interest while accommodating to the best of its ability the selection requests made by the PTs based on their various needs (i.e., regionalization, demographic imperatives, immigrant composition, addressing labour shortages, cultural goals).

• The PTs would govern their PNPs through laws and regulations that are subject to scrutiny by legislatures, courts, and residents. This would provide a feedback loop that would support improvements to the immigrant selection processes and better protect the PTs and their residents (by giving PTs compliance tools to punish unscrupulous actors) and immigration applicants (by providing them with legal recourse if they are rejected, which will help enhance accountability).

• The two levels of government would develop a national PNP framework that would:
  – enhance coherence between federal and PT programs, thereby limiting duplication;
  – promote improved information-sharing (which could include more sharing of best practices of detecting misrepresentation and fraud, and monitoring and evaluating PNPs);
identifying an appropriate balance between federally and PT-selected economic class immigrants each year (e.g., through a multi-year levels plan);

– contain shared goals on issues such as francophone immigration and two-step migration.

**Settlement**

• Federally and PT-funded settlement services would continue to operate concurrently.

• Ottawa would continue to oversee federally funded settlement policy and administration in every PT (except Quebec) to ensure national standards, while identifying with the PTs, and SPOs how it can better accommodate their requests for flexibility in delivering services tailored to local needs. Ottawa needs to focus more on uniform outcomes as opposed to uniform processes. It may be that in some PTs, better outcomes can be achieved by changing processes.

• Accountability mechanisms would be enforced in every PT to ensure federal taxpayer dollars are being spent efficiently, in accordance with federal policy goals, and are producing good settlement outcomes.

• The PTs would increase their settlement funding as more newcomers arrive in their jurisdictions.

• The two levels of government would identify how their funded settlement services can complement each other to balance national and PT interests, reduce duplication in services, and ensure robust coverage for immigrants and temporary residents alike.

**Conclusion**

PT involvement in immigration is here to stay. Their participation in the field in recent decades has led to perhaps the most exciting period for immigration governance in Canada’s history. For the most part, the results that have emerged since the 1990s have been highly encouraging. And, as the federal government and PTs develop greater expertise in sharing immigration responsibilities, it is likely that they will be able to achieve far more optimal selection and settlement results together.
APPENDIX A

Bibliography


Appendix A | The Conference Board of Canada


*Constitution Act, 1867*, (UK), Section 95, 30 & 31 Victoria, c. 3.


A NEW ERA
Canadian Immigration Governance in the 21st Century


A NEW ERA
Canadian Immigration Governance in the 20th Century


The Worker Recruitment and Protection Act, C.C.S.M. c.W197.


About The Conference Board of Canada

We are:

- The foremost independent, not-for-profit, applied research organization in Canada.
- Objective and non-partisan. We do not lobby for specific interests.
- Funded exclusively through the fees we charge for services to the private and public sectors.
- Experts in running conferences but also at conducting, publishing, and disseminating research; helping people network; developing individual leadership skills; and building organizational capacity.
- Specialists in economic trends, as well as organizational performance and public policy issues.
- Not a government department or agency, although we are often hired to provide services for all levels of government.
- Independent from, but affiliated with, The Conference Board, Inc. of New York, which serves nearly 2,000 companies in 60 nations and has offices in Brussels and Hong Kong.