



INSTITUT C.D. HOWE INSTITUTE

COMMENTARY

NO. 654

# Quality Over Quantity: How Canada's Immigration System Can Catch Up With Its Competitors

*The important contribution that immigrants make to the Canadian economy depends on the skills, resources and talents they bring with them. Canada's immigration system needs reforms to better compete with its international peers in selecting the best and brightest and to enhance the economic benefits of immigration.*

Parisa Mahboubi

# THE C.D. HOWE INSTITUTE'S COMMITMENT TO QUALITY, INDEPENDENCE AND NONPARTISANSHIP

## ABOUT THE AUTHOR

### PARISA MAHBOUBI

is Senior Policy Analyst at the C.D. Howe Institute.

The C.D. Howe Institute's reputation for quality, integrity and nonpartisanship is its chief asset.

Its books, Commentaries and E-Briefs undergo a rigorous two-stage review by internal staff, and by outside academics and independent experts. The Institute publishes only studies that meet its standards for analytical soundness, factual accuracy and policy relevance. It subjects its review and publication process to an annual audit by external experts.

No C.D. Howe Institute publication or statement will endorse any political party, elected official or candidate for elected office. The Institute does not take corporate positions on policy matters.

As a registered Canadian charity, the C.D. Howe Institute accepts donations to further its mission from individuals, private and public organizations, and charitable foundations. It seeks support from diverse donors to ensure that no individual, organization, region or industry has or appears to have influence on its publications and activities. It accepts no donation that stipulates a predetermined result or otherwise compromises its review processes or inhibits the independence of its staff and authors. A comprehensive conflict-of-interest policy, including disclosure in any written work, applies to its staff and its authors.

COMMENTARY No. 654  
February 2024



*Daniel Schwanen*  
*Vice President, Research*

ISBN 978-1-77881-018-3  
ISSN 0824-8001 (print);  
ISSN 1703-0765 (online)

# QUALITY OVER QUANTITY: HOW CANADA'S IMMIGRATION SYSTEM CAN CATCH UP WITH ITS COMPETITORS

by **Parisa Mahboubi**

- Canada's immigration point system is designed to select skilled immigrants who have the potential to contribute to the country's economic growth and meet its evolving skills needs. However, Canada faces challenges in fully leveraging increased immigration levels to enhance the well-being of Canadians due to weaknesses in capital investment and a quantity/quality trade-off in selecting economic immigrants. Furthermore, recent reforms may work at cross purposes to this goal. They include category-based selection that targets low-paying occupations, which can discourage capital investment, and a recent surge in the number of temporary residents in low-wage jobs that also may have adverse effects on the quality of potential candidates for permanent residency.
- This study compares skilled immigration selection policy in Canada, Australia, New Zealand, and the UK, with the objective of identifying key areas for improvement in Canadian policy. The skilled immigration point systems in Canada and Australia share some similarities, with both prioritizing a two-step immigration process, placing an emphasis on English proficiency and workforce age, and requiring pre-migration credential and English proficiency assessments. However, the two countries differ mainly in their strictness of criteria and their emphasis on occupational and language skills. Furthermore, Australia has shown more agility and creativity in its skilled migration reforms. Reforms in the UK and New Zealand have also put them ahead in the competition for talent.
- Based on this international comparison, the author makes recommendations for improvement. They include: 1) *Setting a Minimum Points Threshold for Eligibility*. As it is, Canada imposes no minimum points threshold for eligibility in its Express Entry points-based system. 2) *Considering a Pre-admission Earnings Factor*. Studies show the importance of pre-immigration earnings in predicting immigrants' outcomes after arrival. The UK, New Zealand and Australia include this factor. 3) *Boosting Standards under the Language Requirement*. Official language skills are as important in predicting the initial earnings of principal applicants admitted under Canada's Express Entry system as pre-immigration Canadian work experience, and even more important than educational level and age at the time of immigration. 4) *Raising Business Immigration Numbers*. Canada faces the challenge of weak business investment but is failing to select business immigrants with entrepreneurial skills, putting it at a disadvantage compared to competitors like Australia and the UK.

## INTRODUCTION

Economic immigrants bring with them talent, experience, innovation, and financial investments, which all contribute to our economy and address labour market needs. Prioritizing economic immigration, the federal government plans to welcome a record 500,000 newcomers per year by 2025 and maintain that level afterwards. With these targets, the government is seeking to spur economic growth and address labour shortages caused by an aging population.

The author thanks Tingting Zhang, Charles DeLand, Rosalie Wyonch, Charles Beach, Jodi Kasten, Mikal Skuterud and anonymous reviewers for comments on an earlier draft. The author retains responsibility for any errors and the views expressed.

Policy Area: Demographics and Immigration.

Related Topics: Immigration Policy and Outcomes.

To cite this document: Mahboubi, Parisa. 2024. *Quality Over Quantity: How Canada's Immigration System Can Catch Up With Its Competitors*. Commentary 654 Toronto: C.D. Howe Institute.

*C.D. Howe Institute Commentary*® is a periodic analysis of, and commentary on, current public policy issues. Justin Yule and James Fleming edited the manuscript; Yang Zhao prepared it for publication. As with all Institute publications, the views expressed here are those of the author and do not necessarily reflect the opinions of the Institute's members or Board of Directors. Quotation with appropriate credit is permissible.

To order this publication please contact: the C.D. Howe Institute, 67 Yonge St., Suite 300, Toronto, Ontario M5E 1J8. The full text of this publication is also available on the Institute's website at [www.cdhowe.org](http://www.cdhowe.org).

Canada's economic immigration system – devised in 1967 as the world's first points-based system – is designed primarily to enhance the economic prosperity of its citizens. The advantage of this model is that it allows Canada to select for economically productive skills in its intake of immigrants, bringing in the “best and the brightest.” To do so, Canada currently uses an Express Entry system to rank and select candidates for economic immigration. Selection is determined by an assessment of human capital factors calibrated toward the achievement of certain immigration objectives, such as increasing Gross Domestic Product (GDP) per capita – an important metric reflecting the well-being of Canadians.

Views on the effectiveness of focusing on economic immigration to achieve desirable outcomes with high immigration levels have changed over time. Beach, Green, and Worswick (2011) argue that, although increasing the total immigration level lowers the average skill level of new immigrants in the aggregate, increasing the proportion of *economic* immigrants actually raises the average skill level of immigrants. However, Doyle, Skuterud, and Worswick (2023) argue that, despite Canada's system succeeding in attracting highly skilled immigrants, it has limitations in its ability to leverage elevated immigration to boost GDP per capita. Specifically, the authors highlight Canada's weak capital investment and a quantity/quality trade-off in economic immigrant selection. Robson and Bafale (2023) also argue that high immigration is pushing Canada into a path of low productivity and low wages due to insufficient capital investment. This is because some employers choose to rely on a low-wage workforce instead of investing in advanced technologies to improve productivity. Additionally, the point system may

not effectively identify immigrants with valuable soft skills such as social and communication competencies, which are increasingly important in today's labour market.<sup>1</sup>

Strengthening Canada's Express Entry system to select individuals with high levels of human capital, who are able to integrate into the Canadian labour force most effectively, is essential for maximizing the economic benefits of immigration. However, there is a global race for such talent. An analysis of international competition in recruitment – what other countries are doing and how Canada can best position itself – is necessary to ensure Canada's talent competitiveness and economic prosperity. This study does a comparative analysis of skilled immigration selection policies in Canada, Australia, New Zealand, and the UK, with the objective of identifying key areas for improvement in Canadian policy.<sup>2</sup> It also reviews the impact of important selection factors on immigrants' economic outcomes, and recommends policy changes, including taking an empirical approach for selecting skilled immigrants, boosting the standards of the language requirement, considering pre-admission earnings, and setting a minimum eligibility threshold score in order to improve Canada's points-based system and raise Canadians' living standards.

Furthermore, the government should make better use of data by conducting regular statistical earnings regressions to investigate the optimal criteria and weights for determining immigrant success. By examining the relationship between immigrants' human capital characteristics at the time of application, and their earnings after landing, we can gain valuable insight into what factors are most important for success. This information can be used to improve immigration

---

1 Another potential factor is the under-utilization of immigrants' skills for various reasons, including some employers' unwillingness or inability to recognize foreign credentials, discrimination and biases.

2 Although the United States is a major competitor, it has no points-based system for skilled migration for examination in this study.

selection and ensure that newcomers are set up for long-term success in Canada.

Alongside the importance of a highly skilled immigrant pool, it is critical for Canada to boost living standards by attracting more investors, entrepreneurs, and self-employed individuals who can ameliorate the challenges of job creation and weak investment.

## AN OVERVIEW OF THE IMMIGRATION SYSTEM IN CANADA

Canada's immigration system is a multifaceted framework designed to welcome immigrants under three main categories: economic class, family class, and refugee and humanitarian class. The economic class primarily targets skilled workers, aiming to support the country's high living standards and bolster its workforce. The family class allows Canadian citizens and permanent residents to sponsor their family members for immigration to Canada. The refugees/humanitarian class is designed to address humanitarian concerns and provide assistance to those in need, such as refugees and individuals facing dire circumstances. Table 1 shows that the economic class is the largest category, representing 60 percent of newcomers. It is important to note that only about half of the category are principal applicants (PAs). It is these principal applicants that are selected based on human capital metrics. Therefore, improvements to Canada's selection policy would only apply to about 30 percent of all new immigrants. However,

since the human capital characteristics of principal applicants and their dependents are correlated (Picot, Hou, and Qiu 2014; Bonikowska, and Hou 2017), improving the selection of PAs is also expected to improve the labour market outcomes of their dependents.

Canada currently offers multiple pathways for immigration under the economic class, including skilled worker programs, the Provincial Nominee Program (PNP), and Business Immigration programs.<sup>3</sup>

There are three skilled worker programs, all of which use Express Entry (EE) for the management of applications. These are the Federal Skilled Worker Program (FSWP), the Federal Skilled Trades Program (FSTP), and the Canadian Experience Class (CEC).<sup>4</sup> EE also manages a portion of PNP applications.<sup>5</sup> EE is a points-based system that uses a comprehensive ranking system (CRS) tool to assess, rank, and select candidates based on age, education, language skills, work experience, and other factors.<sup>6</sup>

Canada recently introduced a category-based selection under the EE system to target applicants with particular attributes, placing a strong emphasis on qualifications and work experience in specific fields. The system aims to align the immigration process with the country's evolving needs by prioritizing candidates with specific key attributes. Under this category-based selection system, prospective immigrants are currently evaluated based on two primary criteria: French language proficiency and work experience in targeted

- 
- 3 There is also a limited-time program under the Economic Class, called Temporary Resident to Permanent Resident Pathway, that gives certain temporary residents a pathway to permanent residency. To be eligible for this program, applicants need to have Canadian experience in specific occupations or recently obtained a degree from a Canadian post-secondary institution.
  - 4 Minimum requirements vary across these programs and an applicant may be eligible for multiple programs through EE.
  - 5 There are two streams for processing PNP immigration applications: the EE application process for those who meet the EE requirements and the non-EE application process.
  - 6 It's important to note that Quebec does not participate in the EE system. Instead, Quebec operates its own version of the Express Entry system called the Expression of Interest, which is specific to the province. Similar to the EE, candidates with the highest scores from the Expression of Interest Bank are invited to apply for a Quebec Selection Certificate (CSQ).

**Table 1: Canada's Immigration Numbers by Admission Category**

Actual and Target Immigration Numbers	Economic Class			Family Class	Refugee	Total
	Principal Applicants	Spouses and Dependents	Total			
2019						
Number Admitted	103,324	93,334	196,658	91,311	48,530	341,180
Share (percent)	30	27	58	27	14	100
2022						
Number Admitted			255,650	97,340	74,335	437,540
Share (percent)			58	22	17	100
2025						
Target Number			301,250	118,000	80,750	500,000
Share (percent)			60	24	16	100

Source: 2020 Annual Report to Parliament on Immigration and reports on target levels, Government of Canada.

occupations, these being healthcare, science, technology, engineering, and mathematics (STEM), trades, transport, agriculture, and agri-food.<sup>7</sup>

PNP is another key channel for economic immigration, allowing provinces and territories to select immigrants who match their local labour market needs.<sup>8</sup> Each province has distinct immigration streams and criteria targeting different groups such as students or skilled workers. In addition to specific provincial requirements, PNP applicants must also be eligible for one of the three federal programs to apply for permanent resident status through the EE system.

Business immigration programs provide entrepreneurs, investors, and self-employed persons with opportunities to gain Canadian permanent residency. These programs encompass the Federal Start-up business class, Federal Self-Employed Persons Program, and offerings specific to Quebec and other provinces.

Besides these three main pathways, the economic immigration system also includes specialized programs such as Caregiver classes, the Atlantic Immigration Program for employers seeking foreign talent, additional federal skilled worker programs, and options for those moving to

7 Targeted categories can change on a yearly basis to fulfill a defined economic objective and address labour market needs.

8 Quebec operates its own immigration programs, which are distinct from federal initiatives and other PNPs.

## Key Concept Explainer: Two-Step Immigration

The two-step immigration process involves individuals entering a country on an initial temporary basis before seeking permanent residency. This process is currently used in many countries, including Canada, Australia, and New Zealand. In the first step of the process, individuals typically obtain a temporary visa, such as a work visa, to live and work in the country. Upon the fulfillment of certain eligibility requirements, which can include work experience, meeting language proficiency standards, or passing a medical examination, temporary residents can apply for permanent residency through specific immigration pathways. These pathways vary among countries and may include programs such as the FSWP, FSTP, CEC or PNP in Canada, the General Skilled Migration Program in Australia, or the Skilled Migrant Category in New Zealand. The two-step process is designed to provide immigrants with the opportunity to gain practical experience and integrate into the host country's society and workforce before transitioning to a more permanent status. It thus facilitates a smoother transition, allowing immigrants to establish themselves before obtaining permanent resident status. There is also a benefit to the host country in attracting skilled individuals who can contribute to the country's labour market and economy on a temporary basis before becoming permanent residents.

Canada from the United States. These programs offer different pathways for individuals with diverse backgrounds and aspirations, reflecting the country's commitment to talent attraction and cultural diversity.

### AN INTERNATIONAL COMPARISON OF POINTS SYSTEMS

A points-based immigration system ensures transparency and fairness by assessing candidates according to factors like age, education, language proficiency, and skills. It is a versatile and effective approach to immigration management, promoting economic growth through the selection of skilled immigrants. The system also exercises control over

the quality and scale of immigration through a minimum score requirement,<sup>9</sup> prioritizing highly skilled and qualified immigrants and encouraging labour market integration by granting more points to candidates for critical success factors.

In addition to Canada, several other major immigrant-receiving countries, such as Australia, New Zealand and – more recently – the UK, have implemented points-based systems to prioritize skilled immigration. Variations in selection policies among these nations have an effect on their ability to select top talent, and lead to different economic outcomes for immigrants after their arrival.

Australia and Canada, in particular, have been competing and collaborating with similar policies. While Canada was a leader in the 1960s and 1970s

9 Canada's minimum score requirement has changed over time.

by introducing multiculturalism and human capital selection systems, Australia<sup>10</sup> has influenced the refinement of Canada's skilled migration policy in the past two decades (Bedford and Spoonley 2014; Boyd 2014; Hawthorne 2008; Harrap et al. 2022).

Australia and Canada have often seen similar patterns in skilled migrant intake due to similar demographic factors, retention policies, and skill-based selection criteria. However, differences in selection policies, especially in regard to the timing of skilled migration reforms, have led to significant disparities in labour-market outcomes for immigrants in the two countries.<sup>11</sup>

For example, both Canada and Australia have operated points-based selection systems for skilled immigrants, which consider factors such as age, education, work experience, knowledge of languages, and adaptability. But the 1990s saw significant divergence between the two. Canada maintained the original human capital model, admitting individuals with limited language abilities and non-recognized qualifications.<sup>12</sup> In contrast, Australia shifted its strategy to align more closely with employers' demands through two-step migration (see Key Concept Explainer), introducing an emphasis on English proficiency and workforce age, with bonus points for high-demand occupations, and requiring pre-migration credentials and English proficiency assessments (Hawthorne 2015).

The evidence shows that Australia's immigration policy reforms resulted in better skills proficiency and labour market outcomes, and more successful labour market integration, in comparison to Canada (Hawthorne 2008; Clarke and Skuterud 2013; Clarke, Ferrer, and Skuterud 2019; Mahboubi 2017;

Harrap et al. 2022). The earnings gaps between skilled principal applicants and non-immigrants in Canada were also notably higher than that in Australia. While Australia maintained consistent income patterns among migrants who arrived between 2001-2008 and 2009-2016, Canada experienced worsening income outcomes for the more recent arrivals (2009-2016).

Canada has made major developments and policy changes to catch up with Australia in certain aspects of skilled immigration and to improve the earnings of immigrants. For example, it took a more demand-driven approach to immigration and implemented the Express Entry system in 2015, replacing the first-come, first-served feature of the original points system with a points-ranking system.

Furthermore, it is noteworthy that the UK and New Zealand, like Canada and Australia, have also implemented fast-track points-based immigration systems that give priority to employability. Moreover, the UK and New Zealand take earnings into account as a selection factor to enhance their point systems and integration of immigrants in the labour market, which is supported by data and evidence.

Table 2 compares the current selection criteria and maximum points associated with each factor under EE in Canada with those in Australia, the UK, and New Zealand.

## Canada

To apply for EE in Canada, candidates must meet all the minimum requirements of one of the Federal Express Entry programs (CEC, FSTP, or FSWP). Eligibility for the FSWP also requires a score of at least 67 out of 100 based on points assigned to six

10 Australia implemented a points-based system in 1989.

11 Another contributing factor could be the differing emphasis on economic immigration between the two countries. In 2022, Canada admitted a higher economic immigration rate – defined as the number of economic immigrants relative to the total population – as shown in Table A3. However, the share of economic immigration in total immigration was 73 percent in Australia, whereas in Canada, it was 58 percent.

12 See Beach, Green, and Worswick (2011) for the evolution of Canada's points system since 1967.



Table 2: International Comparison of Points-based Systems

	Maximum Score as Share of Total Score (percent)			
	Canada	Australia	UK	New Zealand
Language Ability	13 (11+2)	15	9	√
Education	12	15		<b>40</b>
Skilled Work Experience*	6	15		20
Age	8	22		√
Skills Transferability Factors	8			
Spouse/Partner Factors**	3	7		
Additional Factors	50	26	36	
Mandatory Arranged Employment/Job Offer			36***	√
Earnings			18	<b>40</b>
Professional/Occupational Registration				<b>40</b>
Pass Mark/Minimum Threshold for Eligibility	-	48	64	40

Notes: Scores for each category show the maximum number of points applicants can get as a share of total scores. Skills transferability in Canada gives points for demonstrating combinations of two factors based on language proficiency, post-secondary education and work experience (foreign or Canadian) at specific levels. The 13 percent official language ability includes 11 percent of the total score for the first official language ability and 2 percent for the second official language ability. However, a person with a strong English language ability can obtain up to 19 percent of the total score benefiting from the skills transferability and additional factors and a fully bilingual person can obtain up to 23 percent of total score. Bold numbers for New Zealand show that applicants can collect points from one of those categories.

\* To get points in this category, Canada and New Zealand only consider domestic skilled work experience, while Australia allows a combination of foreign and Australian skilled work experience.

\*\* Single applicants in Australia automatically receive the maximum points of spouse factors as those with spouses or partners. In contrast, the total spouse factor points are evenly allocated to four core human capital factors of age, education, official language proficiency, and Canadian work experience for single applicants in Canada.

\*\*\* To be qualified under the UK's points-based system, applicants' job offers must either be at the appropriate skill level or meet a minimum salary threshold.

Sources: Governments' websites.

key selection factors.<sup>13</sup> Only eligible candidates are placed in the Express Entry pool.

Canada's EE uses a CRS (comprehensive ranking system) to assess and select candidates, assigning a score for various factors such as age,

education, language ability, work experience, and other factors. The maximum CRS score is 1,200. Up to 500 points are available for core human capital factors, 100 points for skill transferability factors, and 600 points for additional factors such as

13 See Table A1 for minimum eligibility requirements for each Express Entry program, and selection criteria points for the FSWP.

Figure 1: Minimum and Maximum CRS Cut-off Scores Across Draws in a Given Year



Source: Government of Canada.

provincial or territorial nomination, job offer, second language ability, and study experience in Canada. The score for provincial or territorial nomination alone is 600 points, highlighting the important role of provinces in immigration selection. Without a nomination, a candidate can score up to 200 points from a job offer. For candidates with a spouse or common-law partner, the maximum score for core human capital factors of applicants is 560, with 40 additional points available for the spouse or partner’s human capital factors (see Tables A1, A2 and A3). The higher the candidate’s score, the better their chances of receiving an invitation to apply for permanent residency in Canada. Unlike other countries listed in Table 2, Canada has no minimum score requirement for eligibility in its EE system. The cut-off score for selection varies significantly across individual draws, and mainly depends on the number of candidates Canada intends to invite, along with the specific targeted category. For example, it has previously been as low as 75 points (only 6 percent of the total score) to meet the 2021 immigration target level, and as

high as 886 (74 percent of the total score) in 2015 (Figure 1). Unfortunately, Canada has been steadily reducing its cut-off score to meet high immigration target levels and address labour shortages, including those in low-wage occupations. This approach potentially undermines the objectives of Canada’s points-based system.

Comparing Canada’s points-based immigration system with other countries shows a resemblance to several aspects of the Australian system, and a marked difference to the UK and New Zealand systems (Table 2).

### Australia

The Australian immigration point system is a comprehensive framework that assesses candidates based on various factors. Points are allocated for factors like age, educational level, relevant skilled-work experience, and English proficiency (Table 2). To obtain the same score as single applicants with similar human capital characteristics, partners of non-single applicants seeking to migrate alongside

Table 3: The List of Additional Factors by Country

Canada	Australia	UK
Brother or sister living in Canada (permanent resident or citizen)	Specialist education qualification	Job in an occupation with shortages
French language proficiency (with poor English skills)	At least one degree, diploma or trade qualification from an Australian educational institution that meets the Australian study requirement.	PhD in a subject relevant to their job
French language proficiency (with fair English skills)	A professional year in Australia	PhD in a STEM subject relevant to their job
Post-secondary education in Canada (1-2 years)	A recognized qualification in a credentialed community language	
Post-secondary education in Canada (3+ years)	At least one degree, diploma or trade qualification from an Australian educational institution in an eligible area of regional Australia	
Arranged employment (NOC 00)		
Arranged employment (NOC 0, A, B)		
Provincial or territorial nomination		

Source: Governments' websites.

the primary applicant need to have competent English skills and a skilled occupation.<sup>14</sup>

Applicants can earn extra points through factors such as having studied in Australia, finishing a post-secondary program in specific Australian regions, completing a recognized professional year in certain occupations, or gaining one year of relevant skilled work experience in Australia (see Table 3). To be eligible for permanent residency, candidates must achieve a minimum 48 percent of the total score (65

out of 135 points), but having more points increases the likelihood of being selected. It is important to note that Australian states hold more authority through the state sponsorship program, allowing applicants to secure permanent residency with 50 points and an additional 15 points for having a state invitation.

While it appears the point systems in Canada and Australia share some similarities, with both prioritizing a two-step immigration process, they

14 To receive the maximum score for spousal factors in Australia, a spouse or partner must be under 45 years old, have competent English, have nominated a skilled occupation matching that of the principal applicant on the relevant list, and possess a suitable skills assessment from the appropriate authority.

are not identical. The main differences between the current Canadian EE system and the Australian system lie in the weights assigned to, and within, factors. For example, up to 67 percent of maximum scores in Australia are directly related to core human capital factors collectively (excluding those under additional factors). In comparison, Canada only assigns 47 percent of the maximum score to human capital factors, including skills-transferability factors.<sup>15</sup>

Comparing the point systems also shows that Australia places a higher emphasis on Australian education, whereas the Canadian immigration system prioritizes Canadian work experience and job offers.

With regard to within-factor variations between Canada and Australia, language ability, in particular, stands out. Australia's system mainly targets those with superior language skills by excluding candidates with language skills below competency, and giving no points for candidates with competent language skills even though they are eligible to collect points from other factors to apply for immigration (Table 4).<sup>16</sup> Australia also requires an applicant's spouse to have at least competent English to obtain the minimum assigned points. In contrast, Table 4 shows Canada takes a lenient approach, assigning language points to applicants and their spouse/partner at, and below, competent language skills in the Express Entry pool. Since language ability is a predictor of immigrants' labour market outcomes post-immigration, enhancing language criteria likely leads to better earnings outcomes for principal applicants and their spouses in the economic class.

## UK

In January 2021, the UK introduced a points-based immigration system, marking a significant change in its approach to immigration. This system treats skilled candidates from both EU and non-EU nations equally. Skilled workers require a mandatory English proficiency at A-level or equivalent, and a job offer. The job must meet two key criteria: it must be at the appropriate skill level and it must meet a minimum salary threshold. This can either be the general threshold of £25,600, or the occupation-specific salary requirement. In lieu of a minimum salary, however, applicants can use points earned for specific qualifications to reach the required points. For example, if a job offer falls below the minimum salary, but is at least £20,480, eligibility may still be possible if the job offer is for an occupation with labour shortages or requires a PhD, especially in STEM. In this case, no points may be obtained from the minimum salary, but from these other factors (see Table 3 for the list of additional factors). This system aims to streamline immigration while ensuring candidates make meaningful contributions to the UK's workforce and society.

## New Zealand

New Zealand introduced a point system in 1991. The system has evolved over time to align with the latest findings and best practices, focusing on employability, two-step immigration, and demographic growth. Starting October 9, 2023, New Zealand made a significant reform, introducing a new points system for the Skilled Migrant Category Resident Visa, to simplify and expedite the application process for highly skilled

15 Skills-transferability factors give additional points for demonstrating certain qualifications based on language ability, work experience (foreign or domestic), and education.

16 A proficiency level considered as competent corresponds to achieving a score of 6 or higher in the International English Language Testing System (IELTS) or a score of 7 in the CLB (Canadian Language Benchmark) assessment. Superior language skills are reflected in a CLB score of 10 or higher.

**Table 4: Points Awarded for Acceptable Levels of Language Ability in the Immigration Point Systems, Canada and Australia**

Canadian Language Benchmark (CLB) level	Canada		Australia
	With a spouse or common-law partner	Without a spouse or common-law partner	
Less than CLB 4	0	0	n/a
CLB 4 or 5	19	18	n/a
CLB 6	25	26	n/a
CLB 7	50	50	0
CLB 8	69	68	0
CLB 9	91	91	50
CLB 10 or more	100	100	100

Notes: An average score is based on four test components: reading, listening, speaking, and writing. A Canadian Language Benchmark (CLB) score of 4 or 5 indicates functional language skills, while a CLB of 6 demonstrates vocational language skills. Competent language skills are equivalent to a CLB score of 7 and 8, while proficient language skills correspond to a CLB level of 9. Superior language skills are reflected in CLB 10 or higher.

immigrants. The main changes include a new 6-point requirement for visa applications.<sup>17</sup> Points are attainable through factors like occupational registration, educational qualifications, and securing an income exceeding the median wage for skilled occupations or 1.5 times the median wage for other occupations in New Zealand.

Naturally, higher wages earn more points. Additional points can be obtained from work experience, to a maximum of 3 points. Applicants must have a skilled job or job offer with an authorized employer in New Zealand and meet specific criteria regarding working hours, occupation level, and wage. Other requirements, such as English language and age limits (55 years or under), remain unchanged. Additionally, New Zealand sets no limit

on the number of admissions with the processing time typically within 6 to 8 weeks.

## IMMIGRANTS' ECONOMIC OUTCOMES AND CONTRIBUTING FACTORS

Canada's immigration points-based system has been gradually influenced and adjusted based on the outcomes of immigrants, the best predictors of immigrant earnings, the evolving needs of the country, and successful policy reforms in other countries.

This section evaluates the earnings outcomes of immigrants in Canada. This is a crucial indicator of their contribution to the country's economy and will help identify factors for improving the EE.

<sup>17</sup> The previous points-based system was very similar to the systems in Canada and Australia, and required a minimum of 180 out of 380 points to qualify for immigration.

Historically, Canada has witnessed earnings gaps for new immigrants compared to Canadian-born citizens, which widened in the early 2000s due to increased competition for jobs among highly educated immigrants and Canadian-born workers. The dot-com crash,<sup>18</sup> which led some immigrants to work in lower-paying jobs, further increased this earning gap.

However, the late 2010s saw an improvement in the relative earnings of immigrants, which can be attributed to increased labour demand, favourable economic conditions, and a higher tendency to select permanent residency candidates with pre-admission Canadian work experience and education (Crossman, Hou, and Picot 2021). The introduction of Express Entry in 2015, in response to labour market needs, also played a significant role in this improvement.

The labour market outcomes of immigrants greatly depend on the program through which they enter the country. While most new immigrants across all categories struggle in the labour market immediately after their arrival, including spouses under the economic class, principal economic applicants earn significantly more than other immigrants (Figure 2). This is because only the principal applicants in the economic category must meet selection criteria based on factors such as education, language, age, and work experience: criteria that are predictive of success. However, there are variations across economic immigrant categories (Figure 3).

Historically, the median employment income of CEC and PNP principal applicants has been higher than other groups. Except for PNP immigrants, including spouses and dependents, there has been a notable gain in the median employment income of all categories of economic immigrants, especially

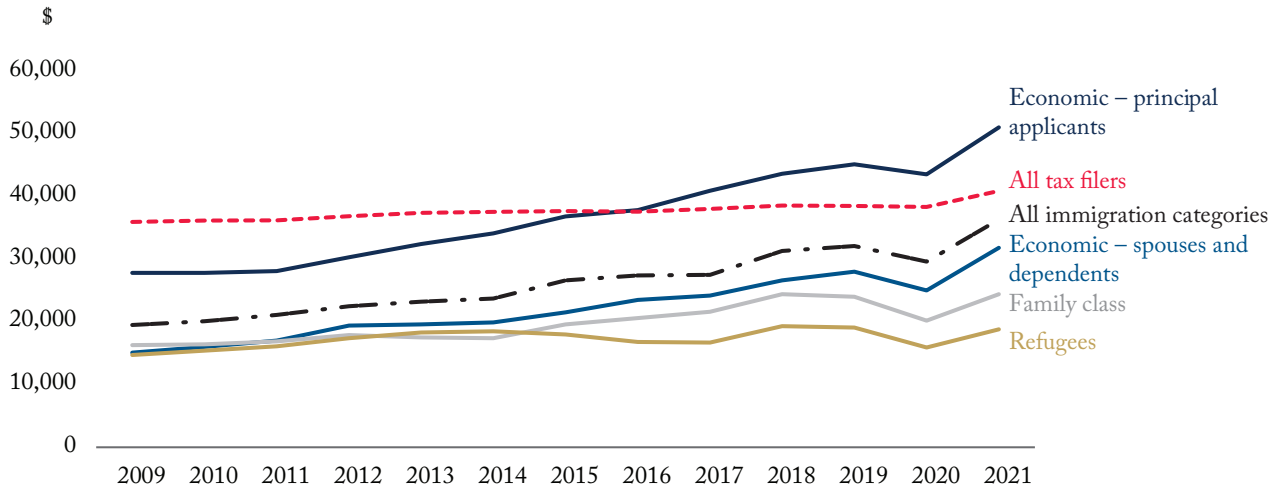
among skilled worker and skilled trades PAs since the introduction of EE in 2015. One explanation could be that not all PNP immigrants were selected through EE. Although to the best of my knowledge there are no public use data available to accurately identify the share of EE PNP immigrants, my estimates – based on the 2022 admission figures and the EE draws for the PNP – suggest that the majority of PNP immigrants are selected outside the EE system. Picot, Crossman and Hou (2023) identify that, even among the EE system's principal applicants, human capital levels were higher for FSWP and CEC immigrants than for PNP immigrants. It appears that some applicants who do not meet the requirements for the federal skilled worker programs may opt for the PNP as an alternative route to permanent residency. The implication of these findings is that federal and provincial governments must revisit the eligibility criteria and points allocation (600 points for provincial or territorial nomination factor) as well as the selection process under both PNP streams. Given the significant share of PNP in economic immigration outside of Quebec (41 percent in 2022), Canada should consider processing all PNP applications through the EE.

Notably, key predictors of earnings include pre-landing Canadian work experience,<sup>19</sup> language proficiency, and age, with pre-landing Canadian work experience playing the most substantial role (Picot et al. 2022). The significance of pre-landing work experience can explain the variations in earnings of immigrants from different programs (Figure 4), with CEC applicants generally achieving higher earnings than those in other economic immigration categories (Figure 3). Hou and Picot (2024) find that skilled immigrants who undergo a two-step process and start as temporary

18 The dot-com crash was a major stock market crash caused by the overvaluation of internet-based companies, resulting in a major impact on the technology industry and the broader economy.

19 Pre-landing or pre-immigration work experience refers to the work experience that is obtained by a former temporary foreign worker or international student with a work permit, prior to becoming a permanent immigrant.

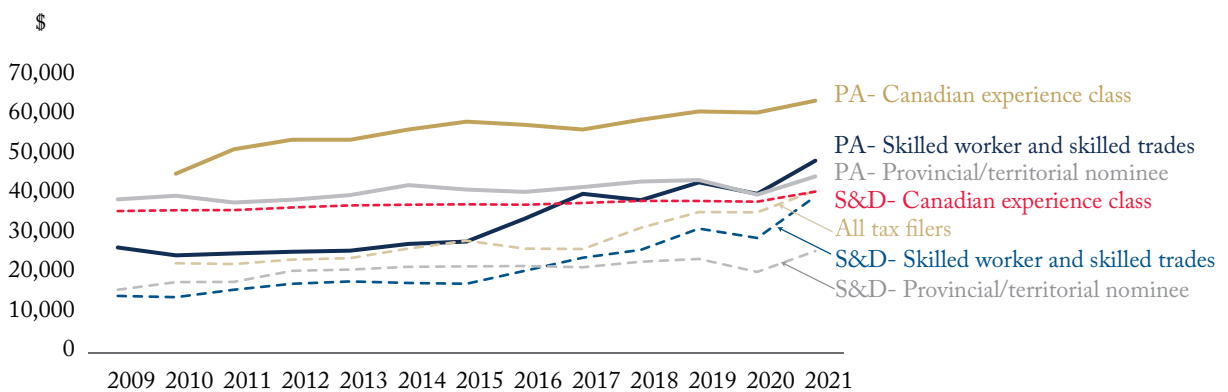
**Figure 2: Median Employment Income of Immigrants One Year After Admission by Immigration Category**



Note: Values are in 2021 constant dollars.

Sources: Statistics Canada. Tables: 43-10-0026-01, 11-10-0031-01, and 18-10-0005-01.

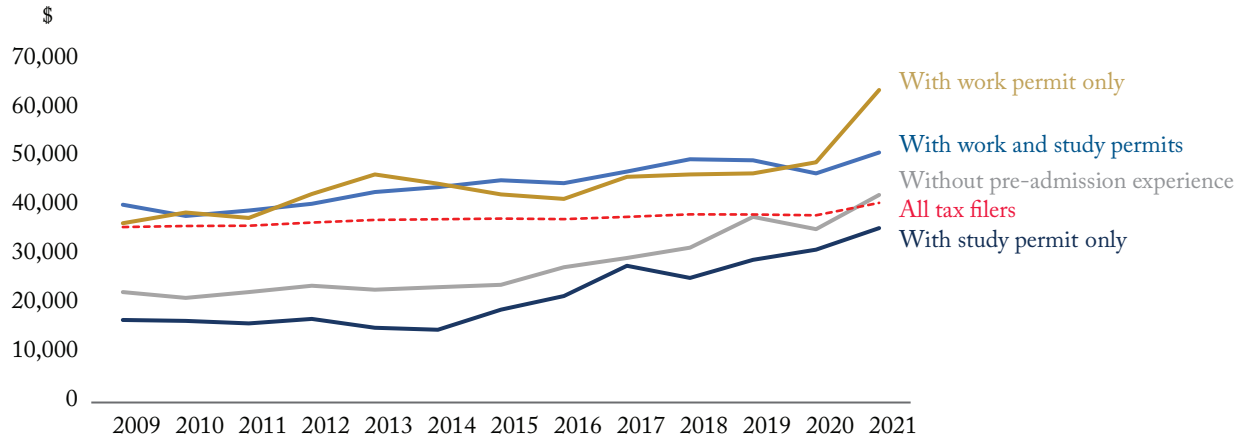
**Figure 3: Median Employment Income of Economic Immigrants One Year After Admission by Economic Immigration Category for Principal Applicants (PA) and Spouses and Dependents (S&D)**



Note: Values are in 2021 constant dollars.

Source: Statistics Canada. Tables: 43-10-0026-01, 11-10-0031-01, and 18-10-0005-01.

**Figure 4: Median Employment Income of Economic Principal Applicants One Year After Admission by Pre-admission Experience**



Note: Values are in 2021 constant dollars.

Source: Statistics Canada. Tables: 43-10-0026-01, 11-10-0031-01, and 18-10-0005-01.

foreign workers before gaining permanent residency constantly outperform their one-step counterparts with similar characteristics. They argue that this performance gap is attributable to two primary reasons. First, the two-step approach involves multiple selection processes that align immigrant skills better with labour market demands, as employers can directly assess workers' abilities, mitigating challenges faced by one-step immigrants. Second, the advantage gained by two-step immigrants consists of acquiring a head start in Canadian work experience, significantly surpassing one-step immigrants. This prior landing experience strongly predicts immigrants' earnings, explaining the performance disparity between the two groups. Interestingly, those holding a study permit only do poorly and even fall below those with no pre-admission experience in terms of median employment income.

Hou, Crossman, and Picot (2020) also highlight the importance of high-skilled pre-immigration Canadian work experience, among

economic immigrants under the CEC program, for superior post-immigration labour market outcomes. However, having high levels of pre-migration earnings matters more and plays a key role in explaining the differences in labour market outcomes (Hou and Lu 2017; Hou, Crossman, and Picot 2020).

Hou, Crossman, and Picot show that between 2009 and 2016, economic principal applicants selected through CEC and PNP had higher earnings than those selected through FSWP in the first and fifth years after immigration. This is primarily due to a higher proportion of PNP and CEC immigrants having pre-immigration Canadian earnings. However, when accounting for pre-immigration Canadian earnings, CEC and FSWP immigrants had similar earnings five years after immigration. Nonetheless, PNP immigrants had lower earnings than FSWP immigrants, possibly because PNP immigrants were more likely to be selected for lower-skilled jobs.



Furthermore, Xu and Hou (2023) reveal that proficiency in official languages is a significant factor in the EE system and has a substantial impact on earnings. They found that language skills had a similar influence on economic principal applicants admitted through the EE system, regardless of the specific immigration program through which they entered. Bonikowska, Hou, and Picot (2015) also argue that immigrants with strong official language skills benefit more from higher education.

While education is a key contributor to immigrants' success in the labour market, there are significant disparities in earnings and employment outcomes of skilled immigrants compared to their non-immigrant counterparts. Li (2017) shows that the earnings of foreign-educated immigrants greatly depend on where they obtained their education. Even among highly educated immigrants, the outcomes vary by the country where they obtained the highest level of education. Picot and Hou (2019) show a better outcome among immigrants with doctoral degrees, especially those who obtained their highest education in countries like Canada, the United States, the United Kingdom, and France. These findings suggest that both quality of education, and the level of educational attainment, are critical factors in determining immigrants' prospects.

Meanwhile, Skuterud and Chen (2018) show that immigrants who were former international students (FIS) at Canadian educational institutions earn significantly more than foreign-educated immigrants with a post-secondary education. However, they warn of a deterioration in FIS outcomes over time. This is likely due to a lack of requirements placed on the type of post-graduation employment, and a trade-off between quality and quantity – particularly as post-secondary institutions and governments have expanded their intake of international students to meet educational and immigration demands. Similar deterioration

in earnings outcomes may also occur among those with pre-admission Canadian work experience (e.g., CEC immigrants), due to a potential decline in the quality of temporary residents. There has been a significant increase in the number of temporary workers in Canada to meet employers' labour demand, notably those in low-wage occupations post-pandemic.

This shift in temporary immigration runs parallel to the introduction of category-based selection in permanent immigration, and the reduction of CRS cut-off scores aimed at reaching immigration targets. These changes could negatively impact the earnings outcomes of economic immigrants in the near future.

In general, the review of research on immigrant outcomes highlights the importance of the Express Entry system in immigrant selection. But it also points to the limitations in predicting post-immigration earnings accurately. In particular, the Express Entry system's immigration selection factors collectively explain only 15 percent of the variation in post-immigration earnings, with that declining over time (Picot et al. 2022). This weakness suggests the need for enhancing selection criteria by considering effective reforms.

### **Self-Employment Outcomes of Economic Immigrants**

In addition to skilled workers, Canada selects individuals with entrepreneurial skills, business acumen, or experience in managing and owning businesses, through the Business Immigration Program under the economic class.<sup>20</sup> The program aims to stimulate economic growth by encouraging foreign investors, entrepreneurs, and self-employed individuals to establish – or even buy – a business in Canada and contribute to the economy.

However, Table A3 shows that Canada is at a significant disadvantage comparatively in the global

20 The Business Immigration Program includes different programs such as the Self-employed Persons Program, the Start-up Visa Program, and Provincial Entrepreneur Programs.

competition for business immigrants: it welcomed a very low number of business immigrants in 2022 (1,364 business immigrants). A contributing factor is the limited target level for the Business Immigration Program, both in absolute terms and relative to the economic immigration level. The 2022 planned admission range fell between 800 and 1,500, while Australia's immigration planning level for business innovation and investment was 5,000, and the UK welcomed more than 7,000 investors and business developers.

Another factor can be the often stringent requirements for business immigration. Wang and Hii (2019) argue that business immigration pathways in Canada may deter potential immigrants with high entry barriers and less attractive terms, compared to competing countries like the US, Australia, and the UK. These countries have lower threshold requirements for investors, shorter investment terms, and issue provisional visas with potential extensions based on the fulfillment of immigration conditions.

In addition, understanding and navigating the complex legal and regulatory requirements to establish and run a business in Canada can be daunting for newcomers, especially if they are not familiar with Canadian business practices and regulations. Figure 5 underscores the likelihood of this since only around 24 percent of business immigrant tax filers in 2021 had self-employment income one year after admission. The pre-pandemic incidence of self-employment income among business immigrants<sup>21</sup> one year after admission was even lower (e.g., 19 percent in 2019). Historical data show that the incidence of self-employment among business immigrants does not improve after spending years in Canada. For example, it increased from 12.8 percent in 2012 to 14.7 percent in 2021 for those who were admitted in 2011. Interestingly, the incidence of self-employment incomes has significantly increased among other economic

immigrants since 2015 and exceeded that of all tax filers in recent years.

In general, immigrant business ownership rates in Canada often exceed those of native-born citizens, particularly among groups like refugees and family-class immigrants. Reasons for this include challenges in finding regular employment, immigration policies, and support from immigrant networks. Also, immigrants tend to exhibit a greater propensity for risk-taking than non-immigrants (Vandor 2021).

Comparisons between immigrant and Canadian-born business owners reveal several similarities in funding, longevity, and job creation (Picot and Ostrovsky 2021). However, immigrants exhibit slightly higher rates of innovation, largely attributable to a greater percentage of STEM graduates among immigrant business owners. Refugees and family-class immigrants frequently engage in "traditional" immigrant sectors such as transportation and retail, in distinction to economic immigrants and the native-born population. While refugees exhibit a higher tendency to be unincorporated and self-employed, economic immigrants, who typically have higher education levels, tend to own incorporated companies, highlighting a varied spectrum of business ventures among immigrants. However, Green et al. (2023) also find that human capital (e.g., education and Canadian experience) among economic immigrants plays no significant role in the rate of establishment of incorporated firms with employees. The majority of immigrant-owned firms are unincorporated.

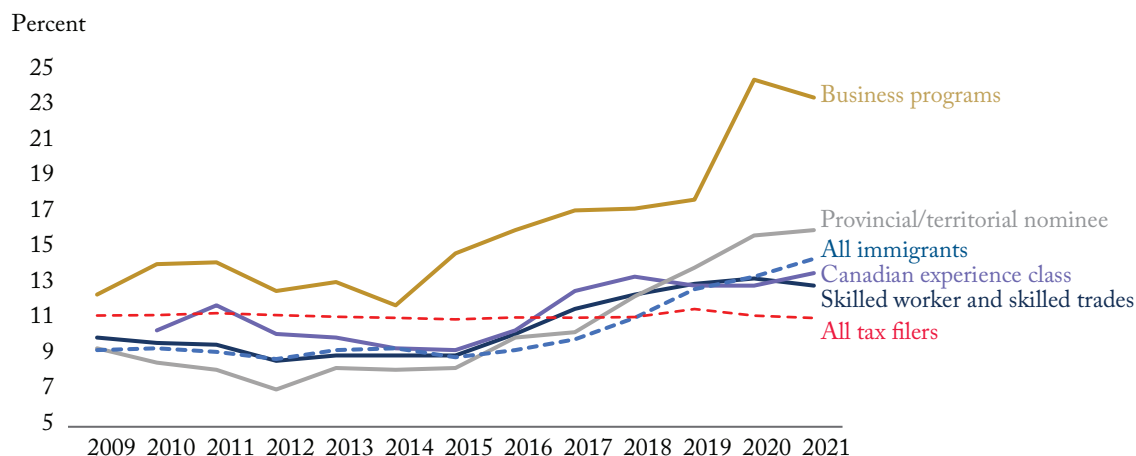
## POLICY DISCUSSION

The Canadian and Australian skilled immigration points systems share some similarities, particularly in the characteristics of immigrants they attract. Both countries have experienced similar trends in the numbers and countries of origin of skilled

---

21 Incidence of self-employment income refers to the share of tax filers with self-employment income.

**Figure 5: The Share of Economic Principal Applicants With Self-employment Income One Year After Admission, by Economic Immigration Category, Compared to All Immigrants and All Tax Filers**



Source: Statistics Canada Tables: 43-10-0026-01, 11-10-0047-01, and 11-10-0031-01.

immigrants. They have successfully attracted immigrants with diverse skills, often favoring a two-step immigration process in which individuals come on a temporary visa and transition to permanent residency. This approach allows them to identify individuals who can contribute effectively to their labour markets and societies.

However, it is important to acknowledge significant differences in the outcomes of immigrants in these two countries. The timing of reforms, the strictness of criteria, and issues with the effectiveness of foreign credential recognition have caused different outcomes between the Canadian and Australian immigration systems (Harrap et al. 2022; Mahboubi 2017). These factors shape the experiences and outcomes of immigrants in each country and underscore the importance

of continuous improvement and adaptability in immigration policies.

One notable distinction is in immigrants' earnings. Skilled immigrants in Canada tend to face lower earnings compared to their native-born counterparts, while in Australia the earnings of skilled immigrants are higher in comparison to native-born residents. These differences can be attributed to various factors, including the timing of reforms, the effectiveness of credential recognition systems, and a greater emphasis on occupational and language skills. For instance, Australia introduced language testing as a requirement in 1999, a decade ahead of Canada. Another important factor is the strictness of the criteria, with Australia's language proficiency requirements being far stricter than Canada's.<sup>22</sup> This difference can lead to variations

22 Australia has introduced more rigorous English language requirements for student and temporary graduate visas since the beginning of 2024.

in the skills and qualifications of immigrants admitted to each country and, since proficiency in official languages is a strong predictor of earnings, it partially explains the disparity in earnings and labour market outcomes post the 2010s (Mahboubi 2017; Picot et al. 2022).

Although the earnings outcomes of economic immigrants in Canada have increased since the implementation of the Express Entry system, there is still room for improvement. In general, a review of research on immigrant outcomes highlights the importance of the Express Entry system in immigrant selection, but we can also discern its limitations in predicting post-immigration earnings. To a large degree, the EE selection factors are unable to accurately predict post-immigration earnings (Picot et al. 2022). This weakness suggests the need for improving the EE system and enhancing the CRS grids by revisiting selection factors and their associated weights to predict immigrants' earnings better.

Furthermore, Canada has recently made some reforms under the EE system that could potentially reverse gains. In response to short-term labour market needs, these changes include introducing category-based selection that targets low-paying occupations in the fields of transport, agriculture, and agri-food, for example.<sup>23</sup> This reform can discourage capital investment that displaces labour and cause raised unemployment rates if labour market needs change. In general, by significantly lowering the cut-off points to meet the target levels for each category, these reforms have reduced the quality of skilled immigrants entering Canada.

Furthermore, the recent surge in the number of temporary residents may have adverse effects on the quality of potential candidates applying for permanent residence and the selection process, especially with regard to unobserved abilities (e.g., education and experience quality and skills levels),

and a disjuncture between labour supply and labour market demands. This could cause a decline in economic performance among more recent immigrants.

In addition to improving the selection process for skilled immigrants, Canada should consider using economic immigration to address its investment needs and raise living standards. With this in mind, several reforms that Canada should consider are:

- Taking an empirical approach to improve Express Entry;
- Setting a minimum CRS points threshold for eligibility;
- Considering a pre-admission earnings factor;
- Boosting standards under the language requirement;
- Raising business immigration numbers while addressing business activity challenges.

### **Taking an Empirical Approach to Improve Express Entry**

Despite the upward trend in economic results for immigrants, the Comprehensive Ranking System (CRS) is unable to predict their labour market success. To improve the CRS and Express Entry selection, the government needs to determine the optimal criteria and weights for selecting skilled immigrants, including Provincial Nominee Program immigrants. The best way to do this is by running statistical earnings regressions that relate immigrants' post-landing earnings to their human capital characteristics at the time of application. By doing so, the government can identify the human capital characteristics that are most positively correlated with post-landing earnings, and assign higher points and weights to those characteristics.

This approach would ensure that the selection process is based on empirical evidence, and that

23 Instead of focusing on a specific occupation when selecting candidates, other countries give bonus points to applicants in high-demand fields such as STEM.

the most skilled and experienced candidates are selected for immigration. By assigning higher points to the characteristics that are most predictive of post-landing earnings, the government can ensure that immigrants have the best chance of success in Canada.

### **Setting a Minimum CRS Points Threshold for Eligibility**

Unlike all other major immigrant-receiving countries, Canada imposes no minimum points threshold for eligibility in its EE points-based system. The lack of a minimum threshold, while making it easy for Canada to meet immigration target levels, could potentially compromise the quality of skilled immigrants. Canada has previously reduced the cut-off points in order to meet immigration target levels, indicating that the country is willing to prioritize quantity over quality.

Given that Canada is a top destination country for immigration, Canada should be able to meet its economic immigration target levels even as it sets a minimum threshold for eligibility similar to its competitors. Further, the government needs to consider a number of strategies to address the issue:

- Improve the CRS to determine optimal criteria and weights as recommended in this study.
- Select candidates based on their CRS score in a single pool for skilled immigration to bring back predictability and transparency in the system.<sup>24</sup>
- Consider setting immigration targets on a 3- to 5-year basis rather than on a 1-year basis to have greater flexibility to respond to any changes in Canada's desirability among skilled migrants or unexpected circumstances like COVID-19 that might affect immigrant inflow.

Requiring a minimum points threshold for eligibility under the immigration points system is necessary

to ensure the quality of immigrants. Canada has shifted its focus from the human capital model of selection to meeting short-term labour market needs in low-skill occupations. It is time to reverse the tide and catch up with the peers. Setting a minimum threshold for EE could incentivize applicants to improve their scores on factors they can control, such as language ability, to contribute to a more successful integration into the labour market.

### **Considering a Pre-admission Earnings Factor**

As discussed earlier, Canadian studies show the importance of pre-immigration earnings in predicting immigrants' outcomes after arrival (Hou and Lu 2017; Hou, Crossman, and Picot 2020). The UK and New Zealand have explicitly included this factor in their points-based systems for skilled immigrants, while Australia implicitly accounts for earnings in its point system. There are income thresholds for Australia's skilled temporary migration system, and a large proportion of permanent skilled immigrants in Australia have previously worked in the country under this type of visa.<sup>25</sup>

There are two advantages to this approach. First, without the ability to accurately assess education and experience quality, pre-immigration earnings can reflect an individual's labour market skills. Second, by assigning points to an earnings factor alongside Canadian experience, applicants might be incentivized to put more effort into finding employment opportunities that better match their qualifications.

This factor can be included as a core human capital factor and/or a skill transferability factor, similar to the requirement of Canadian experience under the EE. For candidates without pre-admission Canadian work experience, the government can explore the possibility of allocating

24 For more information, please read <https://www.cdhowe.org/intelligence-memos/mahboubi-skuterud-multi-pronged-strategy-managing-canadas-surgling-non-permanent>.

25 Recently Australia has increased its income threshold for temporary skilled immigration.

points for applicants' earnings based on home country standards, such as a certain threshold of the country of origin's average earnings in the occupation category, or at the national level.

### **Boosting Standards under the Language Requirement**

Xu and Hou (2023) find that official language skills are as important in predicting the initial earnings of principal applicants admitted under Canada's Express Entry system as pre-immigration Canadian work experience, and even more important than educational level and age at the time of immigration. This highlights the significance of language proficiency in the Canadian job market, with it playing a crucial role in determining the success of immigrants in the country. Limited language proficiency is a serious barrier to immigrants utilizing their skills in productive employment. However, Canada's allocation of points is more lenient than that of Australia. To enhance the EE, Canada should consider adopting Australia's stringent approach for awarding points in language proficiency. This policy change could incentivize applicants to invest in their language abilities before immigration, accelerating the integration process and fostering improved labour market outcomes for both principal applicants and their spouses or partners.

### **Raising Business Immigration Numbers While Addressing Business Activity Challenges**

Canada faces the challenge of weak business investment, but is failing to select business immigrants with entrepreneurial skills, putting it at a disadvantage compared to competitors like Australia and the UK. Attracting and selecting the right immigrant entrepreneurs can contribute to economic growth by leveraging their capital investment, entrepreneurial skills, and innovation.

Ortega and Peri (2014) argue that high immigration levels enhance economic growth,

especially through immigrants' productive skills and innovation. However, this needs to be accompanied by business investment to increase absorptive capacity and productivity in both the labour market and the wider economy. In Canada, only a small share of economic immigrants are business immigrants, despite the need for more capital investment. Furthermore, only a fraction of these immigrants become self-employed, thereby diminishing the potential impact of business immigration on the economy. More needs to be done to encourage business immigration and improve outcomes.

Green et al. (2023) find that, among economic immigrants, only business immigrants had an impact on opening incorporated firms, with their exit rate being high, rendering the program unsuccessful. This suggests that Canada needs to prioritize policies that help business immigrants overcome barriers to investment and start incorporated firms, while selecting for and facilitating the entry of entrepreneurs. Canada should ensure investors and entrepreneurs are able to start and run businesses in Canada. It should take seriously the challenges faced by business immigrants in accessing necessary resources, navigating regulatory frameworks, and establishing sustainable ventures within the country.

## **CONCLUSION**

Canada's immigration point system is designed to select immigrants who have the potential to contribute to the country's economic growth and meet its evolving needs. Earnings outcomes and labour market success, as well as lessons from other immigrant-receiving countries, have been major contributing factors in shaping and fine-tuning this system.

Australia, one of Canada's major competitors, has demonstrated greater agility and innovation in skilled migration reform by actively leveraging research evidence to develop, oversee, and enhance selection policies. In contrast, Canada's reforms have often lagged, or lacked stringency.

---

The primary recommendation of the paper is to enhance the Express Entry system, with a specific focus on refining the Comprehensive Ranking System's points grid. This improvement will help better identify economic immigrants who are more likely to succeed, in terms of their Canadian labour market earnings. In addition, Canada needs to increase business investment to support immigrants and the existing population. Based on existing research, a comparison of Canada's point system with its major competitors, and an assessment of immigrants' performance, this study recommends the following reforms:

- Taking an empirical approach to improve the express entry system;
- Setting a minimum CRS points threshold for eligibility;
- Considering a pre-admission earnings factor;
- Boosting standards under the language requirement;
- Raising business immigration numbers while addressing business activity challenges.

The important contribution immigrants make to the economy depends on the skills, resources and talents they bring with them. Implementing these reforms will enable Canada to compete with its peers in the global search for talent and maximize the economic benefits of immigration.

## APPENDIX

Table A1: Eligibility for Express Entry Programs

Eligibility Criteria	Canadian Experience Class Program	Federal Skilled Trades Program	Federal Skilled Worker Program	
	Minimum Requirements			Selection Criteria Points
First Language skills (English or French)	CLB 7 for TEER 0 or TEER 1 occupations CLB 5 for TEER 2 or TEER 3 occupations	CLB 5 for speaking and listening CLB 4 for reading and writing	CLB 7	24
Type/Level of work experience	Canadian work experience in an occupation listed in at least one of TEER 0 to 3	Work experience in a skilled trade under the selected groups of TEER 2 or TEER 3	Work experience in an occupation listed in one of NOC TEER 0 to 3	
Amount of work experience	One year in Canada in the last 3 years (either a combination of full-time or part-time work)	Two years within the last 5 years (either a combination of full-time or part-time work)	One year continuous within the last 10 years (a combination of part-time, full-time or more than 1 job in your primary occupation)	15
Job offer	N/R	A valid job offer of full-time employment for a total period of at least 1 year or A certificate of qualification in that skilled trade issued by a Canadian provincial, territorial or federal authority	N/R	10
Education	N/R	N/R	Secondary education	25
Age	N/R	N/R	N/R	12
Adaptability factors				10
Second Language Skills				4
Maximum Score				100
Pass Mark				67

Notes: TEER is an acronym for Training, Education, Experience and Responsibilities. TEER 0 reflects management occupations; TEER 1 reflects professional occupations that usually require a university degree; TEER 2 usually requires a college diploma, apprenticeship of training of more than two years or supervisory experience; TEER 3 usually requires a college diploma, apprenticeship of training of less than two years or supervisory experience or on-the-job training of more than 6 months. Canadian Language Benchmark (CLB) is an average score based on four test components: reading, listening, speaking, and writing. A CLB score of 4 or 5 indicates functional language skills, while CLB 6 demonstrates vocational language skills. Competent language skills are equivalent to a CLB score of 7 and 8, while proficient language skills correspond to a CLB level of 9. Superior language skills are reflected in CLB 10 or higher.

Source: Government of Canada website.



Table A2: Breakdown of the Detailed Criteria and Point Allocation in Express Entry

<i>A. Core Human Capital Factors (maximum 460 or 500)</i>		
	<b>With a spouse or common-law partner</b>	<b>Without a spouse or common-law partner</b>
Age	100	110
Education	140	150
Official language proficiency	150	160
Canadian work experience	70	80
<b>Total (maximum)</b>	<b>460</b>	<b>500</b>
<i>B. Spouse or Common-Law Partner Factors (maximum 40)</i>		
Education	10	
Official language proficiency	20	
Canadian work experience	10	
<b>Total (maximum)</b>	<b>40</b>	
<i>A. Core Human Capital Factors + B. Spouse or Common-Law Partner Factors = Maximum 500 points (with or without a spouse or common-law partner)</i>		
<i>C. Skills Transferability Factors (maximum 100)</i>		
Education		
Official language proficiency + post-secondary degree	50	
Canadian work experience + post-secondary degree	50	
<b>Total (maximum)</b>	<b>50</b>	
Foreign work experience		
Official language proficiency + foreign work experience	50	
Canadian work experience + foreign work experience	50	
<b>Total (maximum)</b>	<b>50</b>	
Certificate of qualification (for those in trade occupations)		
Official language proficiency + certificate of qualification	50	
<b>Total (maximum)</b>	<b>50</b>	
<i>A. Core Human Capital Factors + B. Spouse or Common-law Partner Factors + C. Skills Transferability Factors = Maximum 600 points</i>		
<i>D. Additional Factors (maximum (600)</i>		
Brother or sister living in Canada (permanent resident or citizen)	15	
French language proficiency (with poor English skills)	15	
French language proficiency (with fair English skills)	30	
Post-secondary education in Canada (1-2 years)	15	
Post-secondary education in Canada (3+ years)	30	
Arrangement for employment (NOC 00)	200	
Arrangement for employment (NOC 0, A, B)	50	
Provincial or territorial nomination	600	
<b>Total (maximum)</b>	<b>600</b>	
<i>A. Core Human Capital Factors + B. Spouse or Common-law Partner Factors + C. Skills Transferability + D. Additional Factors = Grand Total (Maximum 1,200 points)</i>		

Source: Government of Canada website

**Table A3: Economic Immigration Rate and Business Share by Country in 2022**

	<b>Economic immigration rate (percent)</b>	<b>Share of investors and business developers in economic immigration (percent)</b>
Canada	0.66	0.53
Australia	0.54	3.5
UK	0.52	2
New Zealand	3.83	-

Notes: Economic immigration rate is the number of economic immigrants relative to the total population. The economic immigration number in the UK represents workers with a long-term work visa since long-term workers often receive settlement (a permanent status).

Source: Governments' websites.

## REFERENCES

- Bedford, R., and Spoonley, P. 2014. "Competing for talent: diffusion of an innovation in New Zealand's immigration policy." *International Migration Review* 48(3): 891–911.
- Beach, Charles M., Alan G. Green, and Christopher Worswick. 2011. "Towards Improving Canada's Skilled Immigration Policy: An Evaluation Approach." Policy Study 45. Toronto: CD Howe Institute,.
- Bonikowska, Aneta, Feng Hou, and Garnett Picot. 2015. "Which Human Capital Characteristics Best Predict the Earnings of Economic Immigrants?" *Analytical Studies Branch Research Paper Series*, Statistics Canada, no. 368.
- Bonikowska, Aneta, and Feng Hou. 2017. "Labour Market Outcomes of Immigrant Women who Arrive as Dependents of Economic Immigrant Principal Applicants." Social Analysis and Modelling Division, Statistics Canada. Catalogue no. 11F0019M – No. 390.
- Bonikowska, Aneta, Feng Hou, and Garnett Picot. 2020. "Which Immigration Selection Factors Best Predict the Earnings of Economic Principal Applicants?" Policy Research Branch, Immigration, Refugees, and Citizenship Canada.
- Boyd, M. 2014. "Recruiting high skill labour in North America: policies, outcomes and futures." *International Migration* 52(3): 40–54.
- Clarke, Andrew, and Mikal Skuterud. 2013. "Why Do Immigrant Workers in Australia Perform Better Than Those in Canada? Is It The Immigrants or Their Labour Markets?" *Canadian Journal of Economics* 46(4): 1431–1462.
- Clarke, Andrew, Ana Ferrer, and Mikal Skuterud. 2019. "A Comparative Analysis of the Labor Market Performance of University-Educated Immigrants in Australia, Canada, and the United States: Does Policy Matter?" *Journal of Labor Economics* 37, Number S2.
- Crossman, Eden, Feng Hou, and Garnett Pico. 2021. "Are The Gaps in Labour Market Outcomes Between Immigrants and Their Canadian-Born Counterparts Starting to Close?" Statistics Canada, Economic and Social Reports, Catalogue no. 36-28-0001.
- Doyle, Matthew, Mikal Skuterud, and Christopher Worswick. 2023. "The Economics of Canadian Immigration Levels." CLEF. Working Paper #58.
- Hou, Feng, and Garnett Picot. 2024. "Earnings of one-step and two-step economic immigrants: Comparisons from the arrival year." Statistics Canada, Catalogue no. 36-28-0001.
- Green, David, Huju Liu, Yuri Ostrovsky, and Garnett Picot. 2023. "Are Immigrants Particularly Entrepreneurial? Policy Lessons from a Selective Immigration System." Canadian Labour Economics Forum. Working Paper Series.
- Harrap, Benjamin, Lesleyanne Hawthorne, Margaret Holland, James T. McDonald, and Anthony Scott. 2022. "Australia's superior skilled migration outcomes compared with Canada's." *International Migration* 60(5): 91–107. Available at <https://doi.org/10.1111/imig.12940>
- Hawthorne, L. 2008. "The impact of economic selection policy on labour market outcomes for degree-qualified migrants in Canada and Australia." *IRPP Choices* 14(5): 30–38.
- Hawthorne, L. 2015. "The impact of skilled migration on foreign qualification recognition reform in Australia." *Canadian Public Policy* 41: s173–s187.
- Hou, Feng, Eden Crossman, and Garnett Picot. 2020. "Two-step Immigration Selection: An Analysis of its Expansion in Canada." Economic Insights, Statistics Canada, Catalogue 11-626-X —2020010 – No. 112.
- Hou, Feng, and Yuqian Lu. 2017. "International Students, Immigration and Earnings Growth: The Effect of a Pre-immigration Canadian University Education." Statistics Canada, Catalogue no. 11F0019M – No. 395 ISSN 1205-9153 ISBN 978-0-660-09156-3.

- Li, Qing. 2017. "Education Quality and Immigrants' Success in the Canadian Labour Market." Toronto: CD Howe Institute.
- Mahboubi, Parisa. 2017. *The Power of Words: Improving Immigrants' Literacy Skills*. Commentary 486. Toronto: C.D. Howe Institute.
- Ortega, Francesc, and Giovanni Peri. 2014. "Openness and income: The roles of trade and migration." *Journal of International Economics* 92(2).
- Picot, Garnett, Eden Crossman, and Feng Hou. 2023. "Provincial Nominee Program: Recent trends and provincial differences in earnings outcomes." Statistics Canada, Catalogue no. 36-28-0001.
- Picot, Garnett, Feng Hou, Li Xu, and Aneta Bonikowska. 2022. "Immigration Selection Factors and the Earnings of Economic Principal Applicants." Economic and Social Reports, Statistics Canada, Catalogue no. 36-28-0001.
- Picot, Garnett, and Feng Hou. 2019. "Why Do STEM Immigrants Do Better In One Country Than Another?" *IZA World of Labour* 459: 1-10.
- Picot, Garnett, and Yuri Ostrovsky. 2021. "Immigrant Entrepreneurs in Canada: Highlights from Recent Studies." Statistics Canada. Catalogue no. 36-28-0001.
- Picot, Garnett, Feng Hou, and Theresa Qiu. 2014. "The Human Capital Model of Selection and the Long-run Economic Outcomes of Immigrants." Social Analysis and Modelling Division, Statistics Canada, Catalogue no. 11F0019M — No. 361.
- Robson, William B.P., and Mawakina Bafale. 2023. *Working Harder for Less: More People but Less Capital Is No Recipe for Prosperity*. Commentary 647. Toronto: C.D. Howe Institute.
- Skuterud, Mikal, and Zong Jia Chen. 2018. *Comparing Outcomes: The Relative Job-Market Performance of Former International Students*. Commentary 518. Toronto: C.D. Howe Institute.
- Vandor, Peter. 2021. "Are voluntary international migrants self-selected for entrepreneurship? An analysis of entrepreneurial personality traits." *Journal of World Business* 56(2).
- Wang, Shuguang, and Rebecca Hii. 2019. "Influence of immigration policies on supply of ethnic business entrepreneurs in Canada." Toronto: Ryerson Centre for Immigration and Settlement.
- Xu, Li, and Feng Hou. 2023. "Official language proficiency and immigrant labour market outcomes: Evidence from test-based multidimensional measures of language skills Release." Statistics Canada, Catalogue no. 36-28-0001 ISSN 2563-8955.

---

NOTES:

---

---

NOTES:

---

## RECENT C.D. HOWE INSTITUTE PUBLICATIONS

- February 2024 Robson, William B.P., Don Drummond, and Alexandre Laurin. *Less for Ottawa, More for Canadians: The C.D. Howe Institute's 2024 Shadow Budget*. C.D. Howe Institute Commentary 653.
- February 2024 Lindquist, Evert A., and Robert P. Shepherd. *Smarter Government for Turbulent Times*. C.D. Howe Institute Commentary 652.
- January 2024 Livingston, Brian. *Time to Reboot: The Federal ZEV Mandate Requires Flexibility*. C.D. Howe Institute Working Paper.
- January 2024 Fierlbeck, Katherine. *The Scope and Nature of Private Healthcare in Canada*. C.D. Howe Institute Commentary 651.
- December 2023 Kronick, Jeremy M., and Thorsten Koepl. *The Need for Speed: The Benefits of Faster Payments and How to Achieve Them*. C.D. Howe Institute Commentary 650.
- December 2023 Drummond, Don. "Health and Ageing." C.D. Howe Institute Verbatim.
- December 2023 Ciuriak, Dan. *Let it Fail? Reflections on the SVB Collapse and the US and Canadian Approaches to Bank Crises*. C.D. Howe Institute Commentary 649.
- November 2023 Laurin, Alexandre, and Nicholas Dahir. "Capital Gains and Charitable Donations: The Silent Targets of Federal AMT Reforms." C.D. Howe Institute E-Brief.
- November 2023 Mahboubi, Parisa, and Tingting Zhang. *Empty Seats: Why Labour Shortages Plague Small and Medium-Sized Businesses and What to Do About It*. C.D. Howe Institute Commentary 648.
- November 2023 Schwanen, Daniel. "Getting Personal: The Promise and Potential Missteps of Canada's New Privacy Legislation." C.D. Howe Institute E-Brief.
- November 2023 Chen, Yu (Sonja), and Trevor Tombe. "Rise, Stall, or Fall: The Key Drivers Behind Inflation's Path in Canada." C.D. Howe Institute E-Brief.
- November 2023 Robson, William B.P., and Mawakina Bafale. *Working Harder for Less: More People but Less Capital Is No Recipe for Prosperity*. C.D. Howe Institute Commentary 647.
- November 2023 Saulnier, Marcel. "National Pharmacare – Time to Get On With It". C.D. Howe Institute Verbatim.

## SUPPORT THE INSTITUTE

For more information on supporting the C.D. Howe Institute's vital policy work, through charitable giving or membership, please go to [www.cdhowe.org](http://www.cdhowe.org) or call 416-865-1904. Learn more about the Institute's activities and how to make a donation at the same time. You will receive a tax receipt for your gift.

## A REPUTATION FOR INDEPENDENT, NONPARTISAN RESEARCH

The C.D. Howe Institute's reputation for independent, reasoned and relevant public policy research of the highest quality is its chief asset, and underpins the credibility and effectiveness of its work. Independence and nonpartisanship are core Institute values that inform its approach to research, guide the actions of its professional staff and limit the types of financial contributions that the Institute will accept.

For our full Independence and Nonpartisanship Policy go to [www.cdhowe.org](http://www.cdhowe.org).



**C.D. HOWE**  
INSTITUTE

67 Yonge Street, Suite 300,  
Toronto, Ontario  
M5E 1J8

Canadian Publication Mail Sales  
Product Agreement #40003848