

OCASI Statement: Tax credit to hire immigrants **September 7, 2011**

The Ontario Council of Agencies Serving Immigrants (OCASI) welcomes the proposal to encourage employers to hire immigrants by offering a tax credit. This is an investment in new Canadians that will benefit all Ontarians, since improving their integration in the labour market will serve to strengthen Ontario's economy. Let us look at why this is important and necessary.

The Conference Board of Canada is on record as saying that immigration is necessary for Canada's future economic growth, and that recognizing foreign learning and credentials would add \$3.4 to \$5.0 billion to the Canadian economy every year (*Performance and Potential 2004-2005: How can Canada prosper in Tomorrow's World?* Conference Board of Canada. Ottawa, 2004).

John Tory, former leader of the Progressive Conservative Party of Ontario and former honorary chair of Career Bridge has said that small and medium sized businesses would benefit from the human assets that immigrants bring and the immense contribution they would make to their growth and success (Jermy, Diane. "The business case for hiring skilled immigrants". *Globe and Mail*. September 25, 2009).

Small and medium sized businesses are the majority employers in Canada, and are often too small to have expertise in human resources (HR) management. Many stakeholders recognize that these employers in particular need some help in understanding and assessing the skills and experience that new Canadians can bring to their business, and in learning to work with people from diverse backgrounds. This was echoed by employers themselves during consultations held with employers and associations by Ontario Colleges in 2009 (*Enhancing the role of Colleges in immigrant integration to employment: A report on consultations with employers and associations*. Ontario Colleges. June 2009).

A tax credit could give these employers the resources to build their internal capacity to work effectively with recently hired new Canadians. It would be an investment in the company's long-term HR stability and strength.

In a September 2009 Op-Ed published in the *Globe and Mail*, Gordon Nixon President and CEO of the Royal Bank and Dominic D'Alessandro retired President and CEO of Manulife Financial noted, to effectively position itself for recovery from the recession Canada must do a better job of integrating skilled immigrants in the labour market. In light of a Statistics Canada finding that immigrants are the most affected by the recession and take longer to recover, they recognized the need to pursue initiatives that would allow more immigrants to be hired in jobs where they could use their skills and experience (Gordon Nixon and Dominic D'Alessandro. "Skilled immigrants are the key to business success". *Globe and Mail*, September 10, 2009).

New Canadians bring a wealth of experience and skills to Ontario, but face many systemic barriers that prevent them from being employed in jobs where they can apply their skills and knowledge. Racialized new Canadians are most affected by systemic barriers such as the under-valuing of international education and training and discrimination in hiring. The impact of systemic barriers is reflected in immigrant earnings, particularly the earnings of racialized immigrants (Block, Sheila and Grace-Edward Galabuzi. "Canada's colour-coded labour market: The gap for racialized workers". Wellesley Institute and Canadian Centre for Policy Alternatives. 2011).

According to Statistics Canada, the recession affected immigrants first and most severely, and in particular recent immigrants in the country for less than 5 years. In November 2008, the unemployment rate for Canadian-born individuals was just under 5%, compared to just over 6% for all immigrants and 10% for recent immigrants in Canada less than 5 years. By November 2010, the unemployment rate of Canadian-born individuals was 5.4%, compared to 8.9% for all immigrants and 14.9% for recent immigrants. A very possible second recession will only continue to magnify these disparities in labour market outcomes. (Gilmore, Jason. "The 2008 Canadian Immigrant Labour Market: Analysis of Quality of Employment". Statistics Canada. 2009).

New Canadians are over-represented in precarious work, which comprises part-time, contract, short-term and seasonal work. Despite working more than 35 hours a week, in general their overall earnings are much lower compared to Canadian-born workers. This is particularly true for immigrants of racialized background.

OCASI recognizes that many Ontarians are affected by the recession. We urge the Ontario government and the leaders of all political parties to invest in opportunities that would benefit all Ontarians. We also recognize that some residents such as new Canadians and racialized residents face additional barriers to being hired in stable and well-paid jobs. They need specific interventions to access the same labour market opportunities that other Ontarians take for granted. A tax credit offered as an employer incentive is only one component of the type of interventions that are needed to dismantle systemic barriers, and it is a good first step.

Immigrants are not foreign workers, far from it. Immigrants are new Canadians - permanent residents selected by the Government of Canada on the basis of education, experience and a match with the labour market needs or sponsored by a family member. More than half of all adult immigrants have a university degree, representing significant transfer of education capital from other countries to Canada. New Canadians have made a commitment to Canada and will help to build our communities and economy. In 2009 Ontario received 106,867 immigrants as permanent residents. In three years most will have become entitled to Canadian citizenship and will be able to vote in the next provincial election in 2015.