

## OCASI Comments on Federal Budget 2015

April 23, 2015

Federal Budget 2015 tabled on April 21 in the House of Commons contains two measures targeted specifically to immigrants – Foreign Credential Recognition Loan project changes and Access to remittance services. Many of the new investments contained in the budget are delayed for implementation in 2017-18 and later.

- **Foreign Credential Recognition (FCR) Loan project is to be made permanent**

The FCR Loan project was first launched in 2012 as a pilot. The 2015 Budget provides an additional \$35 million over five years for future loans. It is not clear if the proposal includes an expansion beyond the current sites. This is an important investment to support internationally-trained immigrants to seek credentials recognition. Other interventions are needed to support immigrants to get skills and experience commensurate employment, including addressing systemic labour market barriers such as employer demand for ‘Canadian work experience’, and other forms of discrimination in hiring and retention, occupation-specific language, limited networks and difficulties in getting job references.

Through the pilot the government funded community-based partners to support internationally trained immigrants to obtain a low-interest loan to pay certain costs associated with getting international credential recognition. The federal government funded one community partner in each province, including WIL Employment Connections in London, Ontario. As of June 2014, 1,467 loans were awarded nationally over the two-year period since the pilot began. The average loan amount was \$6,089<sup>1</sup>.

- **Access to remittance services**

The Budget provides \$6 million over five years (starting in 2015–16) to bring in measures to provide safe, reliable and lower-cost remittance services. Sending money back home to support family and friends is a long-standing practice among immigrant communities in Canada. The World Bank has estimated that the rate of remittances has been steadily escalating. In 2010-11 Canadian residents sent an estimated \$14.6 billion in overseas remittances<sup>2</sup>. Remittances are proving to be a lucrative business for money-transfer agents, and access to reliable and affordable options is a priority for many immigrants.

The Budget proposes to establish a remittance price comparison website to provide information on service fees, work with financial institutions to identify opportunities to expand low-cost remittance services, and gather data on remittance flows from Canada to understand the needs of remitters.

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<sup>1</sup> Rodier, Julie and Jean-Pierre Voyer, (2014). “Foreign credentials recognition (FCR) loans pilot project”. Powerpoint presentation, Social Research and Demonstration Corporation, Ottawa.

<sup>2</sup> Saunders, Doug. “Sending billions home”. Literary Review of Canada, January-February 2015. <http://reviewcanada.ca/magazine/2015/01/sending-billions-home/>

Other budget proposals, while not directly targeted to immigrants, may bring benefits to some individuals. They include:

- **Extending Employment Insurance (EI) Compassionate Care Benefits**  
The benefits are to be extended from the current six weeks to six months to care for gravely ill family members. Many immigrants – especially those who arrived over the last ten years - are employed in precarious, part-time work and generally do not qualify for EI benefits. While few precariously employed individuals can expect to benefit from this proposal, many other workers – including those of immigrant background – will find this a useful option.
- **Small business tax cuts**  
The Budget proposes a 2% decrease in the small business tax, to be fully implemented by January 2019. The reduction has the potential to benefit immigrant entrepreneurs who operate a small business.
- **Public transit fund**  
The Budget proposes to create a public transit fund to support provincial, territorial and municipal transit project. The fund is to start in 2017-18 with \$250 million, and is to be allocated based on merit to projects that will be delivered through alternative financing and funding mechanisms involving the private sector. The majority of immigrants live in large urban centres and rely on public transit for work, school, service and recreation. Ongoing stable investment in public transit is a benefit to immigrants as well as all Canadian residents that rely on this basic service. The delay in establishing the fund and the low dollar amount in the first year does not bode well for large urban centres where most immigrants reside. For example, in the Greater Toronto and Hamilton area there are billions of dollars of outstanding transportation infrastructure issues. While the fund will eventually grow to \$1billion and be made permanent, the need is urgent and immediate.
- **Canada Student Loans**  
The budget proposes certain changes to the Canada Student Loans Program, in income limits and parental contributions, which can increase the number and amount of student loans. The budget fails to address the concerns about rising tuition costs and high student debt load. This is an urgent issue given the difficulties many students, especially immigrants, face in getting a job in their field after graduation. The Canadian Federation of Students comments that the proposed increase to the Canada Student Grants Program will likely only benefit 20,000 people studying in public colleges. See link: <http://cfs-fcee.ca/federal-budget-to-put-nearly-200000-students-into-deeper-debt-2/>

The Budget fails to address some of the urgent priorities identified by OCASI and others who work with immigrants and refugees as well as other Canadian residents over-represented in poverty. These priorities include:

- Increase Guaranteed Income Supplement (GIS) for seniors;
- Skills training and job placement initiatives for immigrants and other workers who are precariously employed and are in low-wage jobs;
- A national childcare strategy as a fundamental to women's equality in employment, as well as labour market access for the many un- and under-employed immigrant women

- A national housing strategy as a fundamental to provide secure, adequate, accessible and affordable housing for the many under-housed and homeless immigrants and refugees as well as other Canadian residents.

See link for the 2015 Budget – Economic Action Plan 2015

<http://www.budget.gc.ca/2015/docs/plan/toc-tdm-eng.html>

See link for the Alternative Federal Budget 2015 from the Canadian Centre for Policy Alternatives

<https://www.policyalternatives.ca/afb2015>