



Evolution of Immigration and Projections of Net Migration for Canada Presentation at the SOA Annual Meeting & Exhibit 20 October 2010, New York

(Slide 1) Text slide

(Slide 2) This presentation includes a summary of recent Canadian immigration and net migration statistics. We show the most recent assumptions and projected levels of net migration for Canada and for the province of Québec made by three Canadian organizations – the Office of the Chief Actuary (OCA), Statistics Canada (StatCan) and La Régie des Rentes du Québec (RRQ). An international comparison is also provided.

(Slide 3) Text slide

Canadian Immigration (Slide 4) The level of immigration to Canada over the period from 1953 to 2008 has ranged from a minimum of 72,000 in 1961 to a high of 262,000 in 2005.

Over the last 20 years, immigration levels have been more stable due to the fact that in 1990 the Canadian government implemented a long-term commitment to planned immigration by proposing to increase total immigration from 200,000 in 1990 to 250,000 over a short-time horizon.

Canadian Immigration by Category (Slide 5) This slide shows the number of immigrants admitted to Canada over the period 1984 to 2008 by category as defined in the Immigration and Refugee Protection Act.

The family class comprises immigrants sponsored by close relatives or family members in Canada. In 2008, there were 66,000 family immigrants, representing 27% of all immigrants.

Economic immigrants are people selected for their skills and ability to contribute to Canada's economy, including skilled workers who are able to demonstrate their ability to enter the labour market, business immigrants, and live-in caregivers. In 2008, there were 149,000 economic immigrants, representing 60% of all immigrants.

Refugees include government-assisted refugees and privately sponsored refugees. In 2008, there were 22,000 refugee immigrants, representing 9% of all immigrants.

The fourth category comprises other immigrants who do not qualify in any of the previous three categories. In 2008, there were 11,000 such immigrants, representing 4% of all immigrants.



Canadian Immigration by Source Region (Slide 6) This slide shows the distribution of Canadian immigrants by source region over the period 1996 to 2008.

Over this period, the proportion of immigrants coming from the Asia and Pacific region declined from 55% in 1996 to 48% in 2008. The Asia and Pacific region remains by far the most important source region of Canadian immigrants. The decline in the number of immigrants coming from this region coincides with increasing favourable economic conditions in that region over the same time period.

The decrease in the proportion of Canadian immigrants coming from Europe coincides with the creation of the European Union in the 1990s, which may have facilitated migration between European countries to the detriment of immigration to Canada.

The proportion of immigrants coming from the Africa and the Middle East region increased over the period from 1996 to 2008 (i.e. from 16% in 1996 to 21% in 2008). The proportions of immigrants coming from the Americas (excluding the U.S.) and from the United States also increased over this period.

Immigrant Source Countries (Slide 7) This slide shows the evolution over the period 1996 to 2008 of the number of Canadian immigrants coming from the top 5 source countries.

The Philippines is an important source country of Canadian immigrants. Over the period 2002 to 2008, immigration from the Philippines grew at an annualized rate of 14%. Immigration from the United States and United Kingdom experienced annualized growth rates of about 12% over that period.

Immigrant Distribution by Landing Region (Slide 8) The distribution of immigrants by landing region in Canada changed more overall between 2002 and 2008 compared to the earlier period 1996 to 2002. Since 2002, Ontario has experienced a decrease in its share of Canadian immigrants (from 58% in 2002 to 45% in 2008). However, Ontario remains by far the province that receives the most immigrants.

On the other hand, Québec's share of immigrants increased over the period from 2002 to 2008. In 2008, Québec received the second highest share of immigrants (18%), slightly above that of British Columbia.

Since 2002, the Atlantic provinces and the Prairies, excluding Alberta, have experienced annualized immigration growth rates of about 17%, while the annualized growth rate for Alberta was 9%.

Immigrants with University Degree (Slide 9) The proportions of immigrants with a university degree in 1996 were 35% for males and 24% for females. These proportions have increased significantly since 1996 to reach 46% for males and 45% for females in 2008.

(Slide 10) In general, the Canadian organizations that need to project net migration do so by examining its major components: immigration, emigration, those who emigrate but eventually return to Canada, and interprovincial migration. At the national level, the net effect of interprovincial migration is nil.

Net migration is defined as immigration less emigration plus returning Canadians; that is, the net number of people who immigrate to Canada. In 2008, over 245,000 people immigrated to Canada, while more than 63,000 emigrated and about 25,000 returned. This resulted in 207,000 net migrants in 2008, representing 0.61% of the population.

Historical Canadian Migration by Components (Slide 11) Shown here are the historical levels of immigration, emigration (adjusted for returning Canadians) and net migration for Canada expressed as a percentage of the population over the period 1973 to 2008.

The decrease in the flows of immigration in the late 1970s through the early 1980s can be attributed to unfavourable business cycles. This was followed, by an increase in the levels of immigration up to the early 1990s.

In the early 1990s, there was a change in immigration policy that focused more on long- term demographic goals as the Canadian Government began to look at immigration as a means to lessen the impacts of the inevitable aging of the Canadian population.

The decline in immigration from 1993 to 1998 coincided with the economic downturn. Levels of immigration rebounded in the late 1990s and have remained relatively stable through to 2008.

Average Age of Immigrants, Emigrants, Returning Canadians (Slide 12) In comparison to 1971, Canadian immigrants in 2008 were, on average, older. The average age of immigrants was about 25 in 1971 and 29 in 2008.

Historically, emigrants have been older than immigrants, and this has been accentuated in recent years. The average age for emigrants was about 27 in 1971 and 35 in 2008.

Returning Canadians have experienced less age variation between 1971 and 2008 than immigrants and emigrants. The average age for returning Canadians was about 29 in 1971 and 31 in 2008.

Interprovincial Migration by Region (Slide 13) The levels of interprovincial migration experienced over the period from 1973 to 2008 are shown here for the four main regions of Canada, i.e. the Atlantic region, Québec, Ontario and the Western region (which includes all provinces west of Ontario and the territories).

Interprovincial migration has been very volatile, and large fluctuations have taken place very quickly. Interprovincial migration patterns in the 1970s and early 1980s were influenced by the political situation in Québec, the oil shocks, and a serious economic recession.

Since the early 1990s, with a few exceptions, the Western region has experienced the highest levels of interprovincial migration. Ontario, which traditionally has experienced positive interprovincial migration, has experienced negative interprovincial migration over the past six years ending in 2008.

Historical Québec Migration by Components (Slide 14) This slide shows Québec's net migration rate over the period of 1973 to 2008. The fact that Québec has experienced negative interprovincial migration since the early 1970s (as shown in the previous graph) has been an important factor that has contributed to the higher emigration rate and the lower net migration rate over that period.

(Slide 15) The Office of the Chief Actuary (OCA) is responsible for projecting the revenues and expenditures of the Canada Pension Plan (CPP) and the Old Age Security (OAS) Program, two important pillars of the Canadian social security system. In doing so, it uses demographic assumptions for fertility, mortality and net migration rates in making its own population projections, which are then used to determine the projected financial status of the Canadian social security programs. The projections for the CPP that will be discussed are based on the 23rd CPP Actuarial Report as at December 31, 2006.

Statistics Canada (StatCan) is Canada's main statistical agency. It has prepared population projections for Canada since 1974. The most recent StatCan net migration projections were released in May 2010 and covered the periods 2009 to 2036 at the provincial and territorial level and 2009 to 2061 at the national level.

La Régie des Rentes du Québec (RRQ) is responsible for projecting the revenues and expenditures of the Québec Pension Plan (QPP), the province of Québec's equivalent to the Canada Pension Plan. The projections discussed are based on the QPP Actuarial Report as at December 31, 2006.

Comparison of Assumptions for Canada (Slide 16)

OCA:

In the short term, from 2007 to 2015, the OCA's best-estimate assumption for the Canadian net migration rate is 0.50% of the population. A net migration rate of 0.50% of the population corresponds to the average over the last 30 years ending in 2006. From 2015 to 2020, the best-estimate assumption is gradually increased from 0.50% to 0.54% of the population to account for a possible labour shortage. The ultimate level of 0.54% corresponds to the average over the last 20 years ending in 2006.

As the population grows, this will result in a steadily increasing migrant population. In absolute numbers, it is expected that the number of net migrants to Canada will steadily grow from about 168,000 in 2010 to about 211,000 by 2030.

A low net migration rate assumption is set at 0.48% of the population. In comparison, the high net migration rate assumption of 0.59% of the population is close to the net migration rate that was experienced over the 15-year period 1992 to 2006.

STATCAN:

Under StatCan's medium net migration assumption for Canada, the net migration rate decreases gradually from 0.74% of the population in 2009 to about 0.65% for years 2018 and thereafter. Under that assumption, it is expected that the number of net migrants to Canada will increase from about 246,000 in 2010 to 267,000 by 2030.

Under StatCan's low net migration assumption, the net migration rate decreases gradually from 0.71% of the population in 2009 to about 0.5% for years 2018 and thereafter. Under the high net migration assumption, the net migration rate is about 0.8% of the population for the entire projection period.

Comparison of Assumptions for Québec (Slide 17)

OCA:

The OCA's best-estimate assumption for Québec's net migration rate is set to increase from 0.25% of the population in 2007 to about 0.38% of the population by 2050. It is projected that the number of net migrants to Québec will increase from about 21,000 in 2010 to 29,000 by 2030 under the best-estimate assumption.

The OCA's low net migration assumption for Québec is 0.24% of the population for 2007 and increases gradually to 0.33% of the population by 2050. In comparison, the OCA's high net migration assumption for Québec is 0.31% of the population for 2007 and increases gradually to 0.42% of the population by 2050.

STATCAN:

StatCan's medium net migration assumption for Québec decreases gradually from 0.47% of the population in 2009 to about 0.4% for 2018 and thereafter. Under that assumption, it is projected that the number of net migrants to Québec will increase from about 36,000 in 2010 to 37,000 by 2030.

Under the low net migration assumption, the net migration rate decreases gradually from 0.44% of the population in 2009 to about 0.3% for 2018 and thereafter. Under the high net migration assumption, the net migration rate remains relatively constant at 0.5% of the population until 2018 and then increases gradually thereafter to 0.55%.

RRQ:

The RRQ's best-estimate net migration rate is assumed to decrease gradually from 0.34% of the population in 2007 to about 0.31% of the population in 2030. In absolute numbers, it is expected that the number of net migrants to Québec will remain steady at 26,500 from 2007 to 2030.

The RRQ's assumed low net migration rate gradually decreases from 0.34% of the population in 2007 to 0.22% of the population by 2030. The RRQ's high net migration rate gradually increases from 0.34% of the population in 2007 to 0.40% of the population by 2030.

Projected annual Growth in Population (Statcan) (Slide 18)

Under Statcan the natural increase (births less deaths) in the population remains positive throughout the projection period. International net migration accounts for 62% of the annual population growth in 2020 and this increase to 92% by 2050.

Projected annual Growth in Population (OCA) (Slide 19)

Under OCA's 23rd CPP Actuarial report best-estimates the natural increase (births less deaths) in the population becomes negative in 2032. International net migration accounts for 68% of the annual population growth in 2020 and this increase to 100% by 2032. This clearly illustrates the importance of net migration to maintain population growth. Compared to Statistic Canada, the natural increase turns negative mainly due to the difference in assumptions in respect of total fertility rates (1.6 CPP23, 1.7 Statistic Canada (2010)).

Projected Asset/Expenditure Ratio (23rd CPP Report) (Slide 20)

Under OCA's best-estimate assumption the minimum contribution rate which stabilizes the asset to expenditure ratio over the projection period is 9.82%. Under the high and low migration assumptions the minimum contribution rates are 9.70% and 9.92% respectively. Under the legislated contribution rate of 9.9%, the asset to expenditure ratio continuously increases over the projection period using the best-estimate and high migration assumption while it decreases under the low migration assumption.

(Slide 21) Text slide

International Net Migration Comparison (Slide 22) Shown here is an international comparison of net migration levels as a percentage of the population over the period 2010 to 2040.

In 2010, Canada is one of the countries with the highest levels of net migration, and this is projected to remain the case in the future. In comparison, countries like Switzerland, Italy, Norway, and Ireland that have higher levels of net migration in 2010 are projected to have significantly lower levels of net migration over the next few decades. In 2040, Canada stands out with the highest level of net migration relative to the other countries.

It is important to keep in mind that Canada is a relatively small country (34 million individuals) compared to the current world population of about 7 billion. Considering historical experience in Canada, the projected levels of net migration of about 0.55% of the population should be reasonably achievable in the future although source countries of immigrants may change from time to time.