



Immigration, Refugees  
and Citizenship  
Canada

Minister

Ottawa, Canada  
K1A 0Z0

Immigration, Réfugiés  
et Citoyenneté  
Canada

Ministre

**UNCLASSIFIED  
FOR DECISION**

CCM #: N17-52018  
RDIMS#:8340762

Date: December 2, 2020

## **BRIEFING NOTE FOR THE MINISTER**

### **CHANGES TO ANNUAL IMMIGRATION LEVEL**

(For Decision)

#### **ISSUE**

To ask the Minister of Immigration to provide his decision on whether to increase, decrease or to keep the level of annual immigration rate unchanged.

#### **BACKGROUND**

Since 1971, Canada's fertility rate has not been high enough to replace the Canadian population. The birthrate has continued to decline and is currently at 1.6 births per woman.

The gap between the number of younger people entering the labour force and the number of people preparing to exit the labour market has been widening.

Canada has relied on immigration since 1867. Both low fertility rates and increasing labour shortage have been the recent drivers for escalating immigration rates.

#### **CURRENT STATUS**

Canada's population growth between 2018 and 2019 was 1.4%, which was the highest rate among G7 nations. Due to the onset of pandemic and related travel restrictions, the immigration system was obstructed for months. Decrease in migration from March to June 2020, combined with the excess mortality, led to record low population growth for the second quarter +0.1%. This year, only 60% of the targeted 340,000 newcomers are expected to arrive in Canada.

#### **KEY CONSIDERATIONS**

Since 1960, the fertility rate has shrunk from 3.9 to 1.6 births per woman. With no immigration policies, a fertility rate of 2.1 must be maintained for the size of Canadian population. It is projected that this rate would remain below the level of 2.1 children per woman.

Global fertility rates have also seen a massive decline. 183 out of 195 countries are predicted to have fertility rates below the replacement level.

According to a recent study, about 17.2% of the country's population were aged 65 and older in July 2018 compared to 14.4% in July 2011. This percentage share is expected to rise to 24% by 2035.

The ratio of the retiring population to the working-age population of people between 20 to 64 has surged to 66.5% which is about 13% higher than last ten years. During the next two decades, 13.4 million people are projected to exit the workforce, but only 11.8 million people will finish school and join the workforce. This gap has led to labor shortage among many industries.

The ageing of the Canadian labor force would have numerous effects for the economy and the living standards. Funding of pensions and health care would become problematic, resulting in higher taxes and poor economic growth. The combination of an aging population and low birth rate will make it difficult for the economy to grow and support social spending.

In the economic sector, 75% of population growth comes from immigration. Immigration in Canada has been stable in the last ten years with 250,000 permanent residents per year coming to the country. Allowing immigration to rise by 1% would allow GDP growth to levitate between 1.7 and 2 %.

## **OPTIONS**

1. Increasing the level of annual immigration assists in narrowing the generational age gap. It will also help Canadian economy by boosting GDP growth. To stimulate the post-pandemic economic recovery, increasing immigration is vital.
2. Decreasing the level of annual immigration would result in weaker economic growth and fiscal strain—a situation that would reduce the motivation for private investment.
3. Maintaining the current level of immigration. This may lead to short term instability in economic growth.

## **RECOMMENDATION**

I recommend that you authorize the department to pursue Option 1 as set out above. It will aid in the recovery of economy and narrow the labour gaps. The COVID-19 pandemic has exerted financial strain across the nation. It will also assist in maintaining the size of Canadian population and support the overall social spending.

Should you require additional information, please do not hesitate to contact me or Caroline Xavier, Associate Deputy Minister, Department of Immigration, Refugees and Citizenship Canada, at 613-991-1632.

I approve:

- Option 1
- Option 2
- Option 3

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Honourable Marco E. L. Mendicino, P.C., M.P.

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Date