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**Provincial Nominee Programs: An Evaluation of the Earnings  
and Retention Rates of Nominees**

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# Provincial Nominee Programs: An Evaluation of the Earnings and Retention Rates of Nominees

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Provincial Nominee Programs have increased the role of the provinces in selecting economic class immigrants to Canada. Despite the growing importance of the Nominee programs, relatively little is known about the outcomes of immigrants landing through these programs. In this paper, we use administrative data to compare the earnings and retention rates of Nominees with federal economic class immigrants in the first two years after landing. We find that Nominees had substantially higher earnings. However, Manitoba was the only province where Nominees were more likely to stay in the nominating province than observationally equivalent federal economic class immigrants.

## 1 Introduction

Due to concerns that fertility rates in Canada had fallen below replacement rates, immigration policy in 1985 was recast as a tool to bolster population growth and maintain the age structure of the country (Green and Green, 2004). As a result, the immigration rate, defined as the annual flow of immigrants as a percentage of the current population, increased from 0.33% in 1985 to 0.90% in 1992.<sup>1</sup> However, new immigrants mostly went to Canada's three largest cities, while the flow of immigrants to smaller provinces decreased.<sup>2</sup>

As a means of dispersing immigrants more evenly throughout Canada, in the late 1990s the federal and provincial governments developed the Provincial Nominee Programs (PNPs). These

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<sup>1</sup> This policy change marked an abandonment of tying immigration flows to the “absorptive capacity” of the labour market. Prior to this change in policy, the immigration rate was increased when jobs were plentiful and decreased when they were scarce. During the recession of the early 1990s, immigration flows were increased, despite rising unemployment.

<sup>2</sup> About 68.9% of immigrants arriving between 2001 and 2006 resided in the Census Metropolitan Areas (CMAs) of Montreal, Vancouver and Toronto in 2006, compared to 34.4% of the native-born population (Statistics Canada, 2007).

programs, based on shared jurisdiction between the two levels of government over immigration matters, allow provinces to recruit and nominate potential immigrants using selection criteria that meet locally defined needs. Manitoba, Saskatchewan, and the Atlantic provinces have announced ambitious plans to increase immigration using the Nominee programs. In particular, Manitoba, the first province to sign a PNP agreement, appears to have succeeded in this regard; in 2007, the immigration rate of the province was the highest in the country, at 0.92 percent.<sup>3</sup>

Based on Citizenship and Immigration Canada (CIC) projections, immigration through the PNPs is expected to substantially increase in the future. The number of immigrants arriving through the Nominee programs is expected to double between 2009 and 2012, from 20,000 to 40,000 (Auditor General of Canada, 2009, pg.12).<sup>4</sup> These same projections indicate that the PNPs, along with the newly created national Canadian Experience Class (CEC), will surpass the Federal Skilled Worker (FSW) category (Figure 1).<sup>5</sup> By 2012, Nominees are expected to account for over 30% of economic class immigration to Canada.

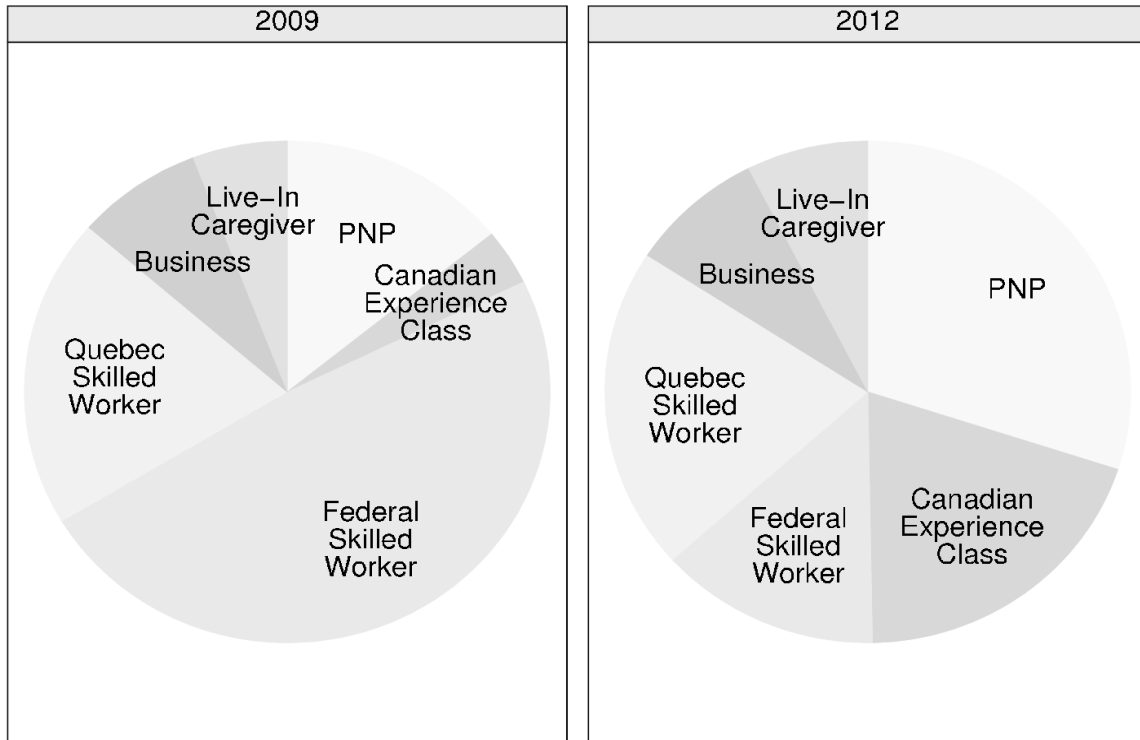
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<sup>3</sup> Pandey and Townsend (forthcoming) attribute this increase entirely to the Nominee program. Based on a trend and other economic determinants of provincial immigration, Pandey and Townsend find that the flow to Manitoba would have further decreased in the absence of the programs.

<sup>4</sup> The CIC forecasts that in 2012, 18,000 immigrants will be admitted through the FSW, compared to 26,300 through the CEC and 40,000 through the PNPs (Auditor General of Canada, 2009).

<sup>5</sup> The federal economic class immigration is based on a point system and used as a means to attract skilled immigrants to Canada. In this paper we focus on economic class immigrants. Other classes of immigrants include family class and refugees.

**Figure 1: Projected Economic Immigration, By Class**



Source: Auditor General's Report, 2009

Despite the growing importance of the Nominee programs, relatively little is known about the outcomes of Canadian immigrants landing through these programs.<sup>6</sup> In this paper, we address this gap in the literature by using administrative data to compare the real earnings and retention rates of nominees with those of observationally equivalent federal economic class immigrants (ECIs) for the first two full years after arrival. We restrict our attention to short term outcomes,

<sup>6</sup> The paucity of research on Nominee outcomes is emphasized in the recent report of the Auditor General of Canada, which notes “although PNP agreements require the provinces and territories to collect information on the retention of nominees within their respective jurisdictions, the information is either absent or incomplete and not always shared with the Department. The lack of information on the retention of nominees was raised in recent reports of three provincial auditors general in which one specifically noted that this represented non-compliance with the PNP agreement (Auditor General of Canada, 2009, pg. 26).”

since these programs began small and have only recently began admitting large enough numbers of immigrants to permit a meaningful comparison between the two categories.<sup>7</sup>

Earnings are an important measure of immigrant labour market performance. It is well-known that entry earnings of subsequent cohorts of immigrants to Canada have been declining since the early 1980s (Aydemir and Skuterud, 2005). This decline has been experienced by immigrants entering through all categories of the national program, including independent economic immigrants (Green and Worswick, 2004). These developments suggest that the selection criteria of these programs have not been effective in predicting which potential immigrants will succeed in the Canadian economy. The selection criteria used by Nominee programs, however, differ significantly from those used by the national program. Special programs within Nominee programs allow provinces to recruit immigrants in semi-skilled occupations (i.e. tradespeople) who would not have been eligible for immigration under the FSW (Leo and August, 2009).<sup>8</sup> In addition, many PNPs require a legitimate job offer with a recognized employer in Canada to qualify. Given the rising importance of the PNPs and the possibility that they represent a new direction in immigration policy, analyzing the outcomes of the Nominee programs may provide insights into whether these programs have the potential to improve the welfare of one of the key stake holders in Canadian immigration policy — the immigrants themselves.

Retention is an important issue with regards to the Nominee programs for two reasons. First, the objective of dispersing immigrants more evenly throughout Canada will only be met if

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<sup>7</sup> In 1999, a total of 151 principal applicants were admitted to Canada through Nominee programs. In 2005, the number was 2,643 (Citizenship and Immigration Canada, 2008).

<sup>8</sup> The Manitoba PNP followed a pilot program in 1996 allowing employers within the province to address skill shortages by recruiting sewing machine operators (Huynh, 2004).

immigrants selected through these programs actually settle within the nominating province.<sup>9</sup> In addition, subsequent migration from nominating provinces may have negative consequences for receiving provinces if newcomers place additional stress on existing settlement and social services.

To evaluate the outcomes of interest, we use data from the Longitudinal Immigrant Database (IMDB). The IMDB is an administrative database that combines the landing documents of immigrants, which are recorded at the time that permanent resident status is granted, with the tax information available from subsequent income tax returns. The IMDB is a census, containing records for all immigrants landing between 1980 and 2006 who filed taxes at least once. This data permits us to identify principal applicants by immigration category (Nominees vs. ECIs) and the region of Canada to which they are initially destined.<sup>10</sup> Subsequent tax returns provide information on earnings and the province of residence at the time of filing. Immigrant mobility is determined by comparing the initial destination province of an immigrant with the province from which taxes are subsequently filed.

We begin our analysis by comparing the characteristics of ECIs and Nominees and find that the latter are less likely to hold a university degree or speak either of the two official Canadian languages. However, the average earnings of Nominees were similar to, if not higher than, ECIs. Using a regression framework to control for observable differences between ECIs and Nominees, we find that the real earnings of Nominees were substantially higher than those of equivalent ECIs. In Manitoba, which had the largest program on the basis of the number of immigrants

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<sup>9</sup> In the 1990s, small provinces experienced difficulties not only in attracting immigrants but also in retaining those few that came (Goss Gilroy, Inc, 2005).

<sup>10</sup> While the Census and the Longitudinal Survey of Immigrants (LSIC) are alternative data sets which potentially could be used to address these issues, the IMDB is better suited for our purpose. The Census does not permit us to identify immigrants on the basis of entry class, while the LSIC does not distinguish between Nominees and other economic class immigrants.

admitted, earnings were 39% higher than those of ECIs entering the province. For Atlantic Canada and the remaining provinces, the earnings gap between Nominees and ECIs were even larger. With regards to retention, however, only Manitoba's Nominees were more likely than ECIs to stay in the province one year after arrival. Nominees to other parts of Canada had retention rates that were similar to those of ECIs.

The remainder of the paper is organized as follows: in Section 2, we provide a brief history and overview of the Provincial Nominee Program; in Section 3, we describe the data used for the analysis and provide some summary statistics; in Section **Error! Reference source not found.**, we present our earnings and retention models and our results; in Section 5, we summarize our findings and provide concluding remarks.

## 2 Provincial Nominee Programs

The Provincial Nominee Programs (PNPs) are federal-provincial agreements that allow provinces to play a greater role in recruiting, selecting and attracting immigrants according to the economic needs of the region. Currently, all provinces except for Quebec have signed Provincial Nominee Agreements.<sup>11</sup> The details of the programs vary across provinces, as each is developed according to the specific interests of the region. Since the inception of the first PNPs in 1998, the provinces have created more than 50 different immigration categories, each with its own selection criteria (Auditor General of Canada, 2009). The provinces are required to inform Citizenship and Immigration Canada (CIC) and provide the accompanying selection criteria when creating new categories, but do not require CIC approval (Auditor General of Canada, 2009, pg. 25). Applications and supporting documents are sent to the province to which the applicant intends to settle, where they are vetted according to provincially defined criteria. The

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<sup>11</sup> Under the Canada-Quebec Accord (1991), Quebec selects immigrants and determines the level of immigration to the province.

province then nominates acceptable applicants for permanent resident status. CIC, in consultation with the province, determines the maximum number of immigrants in a given year to be allowed through the program, and determines whether each nominee fulfills the federal admissibility requirements relating to health and security.<sup>12</sup>

The PNPs are viewed as an incentive-based system for geographically dispersing immigrants more evenly across Canada. PNP applicants with job skills that match the needs of the province are offered faster processing of permanent residence applications Canada\5(2)003. Given the current backlog in the federal immigration process, an application through one of the PNPs is processed in a substantially shorter span of time.<sup>13</sup> As the programs are intended to recruit immigrants that will stay in the province, most PNPs require that applicants be sponsored by an employer with a pre-approved job offer. Some programs (such as Manitoba) offer streams that allow individuals to apply through the PNP without a job offer, provided that they can demonstrate employability and strong ties to the province through either friends or family residing in the province.

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<sup>12</sup> A federal visa officer may reject a provincial nominee, even if the applicant meets all the statutory requirements, if the officer believes the nominee either does not actually plan to settle in or is unlikely to become economically established in the nominating province.

<sup>13</sup> In December 2008, there were 620,000 people awaiting a decision on admission through the FSW category, with an average wait time of 63 months (Auditor General of Canada, 2009).

**Table 1: PNP Utilization by Province**

Province	Year In which PNP Agreement Signed	Nominees as a Percentage of Immigrants to Province, 1999-2007	Province's Share of Total Nominees, 1999-2007
	(1)	(2)	(3)
Alberta	2002	2.6	7.2
British Columbia	1998	1.9	12.1
Manitoba	1998	49.8	55.7
New Brunswick	1999	32.3	5.2
Newfoundland	1999	12.4	0.9
Nova Scotia	2002	13.0	4.0
Ontario	2007	0.2	4.6
Prince Edward Island	2002	56.2	3.0
Saskatchewan	1998	20.8	7.3

**Source:** Citizenship and Immigration Canada (2008).

Nominee Programs have not replaced the federal independent immigrant category. Instead, they are alternative routes for obtaining permanent resident status. The number of immigrants coming through the programs has varied widely across provinces. Table 1 shows the year in which the initial PNP agreement of each province came into effect and provides two measures of program utilization for each province. In Column (2), the percentage of immigrants that arrived through a Nominee Program between 1999 and 2007 is reported for each province. Over this period, the percentage of immigrants coming to Alberta, British Columbia, and Ontario as Nominees was small, while the PNP accounted for a significant share of immigration to Manitoba, Saskatchewan and the Atlantic Provinces. The third column reports each province's share of the total number of Nominees that came to Canada over the same time period. Manitoba has dominated the program, accounting for 55.70% of all immigrants admitted through Provincial Nominee programs as of 2007.

Since the program began, immigration to Manitoba increased from 2,993 in 1998 to 10,955 in 2007. In 2007, 7,689 Nominees landed in Manitoba, accounting for over 70% of total

immigration to the province. Even though nine provinces had a PNP in 2007, nearly half of the immigrants landing in Canada through PNPs in that year were destined for Manitoba.

Several factors account for the scale of the Manitoba program. Manitoba was one of the first provinces to sign a PNP agreement, and unlike other provinces, it consolidated immigration, settlement and language services within a single department by 1990 (Leo and August, 2009). Consequently, the province had the administrative infrastructure in place to utilize the program immediately and extensively. Manitoba, as a “slow-growth” province, had also identified immigration as an important part of economic policy and had set aggressive targets for immigration (Leo and Brown, 2000).

To draw large numbers of immigrants to the province, Manitoba has created multiple categories within its PNP. Like most PNPs, Manitoba has an employer initiated category which allows employers to recruit immigrants for full-time vacancies that cannot be filled with a permanent resident or citizen in Canada. While some provinces have limited the eligibility for this category to a narrow list of industries or occupations, this is not the case for Manitoba.<sup>14</sup> In addition to variants of these standard streams, Manitoba has a general stream which allows entry without a *bona fide* job offer, provided that applicants are able to demonstrate employability and the existence of supports (relatives) within Manitoba (Carter et al., 2008). While similar in spirit to the national ECI program, the points system of the Manitoba PNP general stream is based on local labour needs and factors indicating that an immigrant will settle in the province.<sup>15</sup>

Following the impressive increase in immigration to Manitoba, Saskatchewan and the Atlantic provinces have issued releases outlining strategies to increase immigration through Nominee programs. In Saskatchewan, the Legislative Secretary to the Premier on Immigration and Settlement issued a report recommending that the province follow Manitoba’s lead in increasing immigration through the Saskatchewan Immigrant Nominee Program (SINP) (Lorje,

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<sup>14</sup> For example, the Alberta Immigrant Nominee Program (AINP) currently limits eligibility for its semi-skilled worker category to employers in five pre-specified industries.

<sup>15</sup> For further details on the Manitoba PNP see Carter et al. (2010).

2003). Several Atlantic Provinces have also outlined similar plans to use their Nominee programs to increase immigration flows (Nova Scotia, 2005; Brunswick, 2008). While the emphasis continues to be on flows, as the Auditor General's report cited in Section

1 emphasizes, little is known about the retention and earnings of Nominees, despite the increase in the number of immigrants entering Canada through these programs.

### 3 Data and Preliminary Patterns

#### 3.1 The Longitudinal Immigrant Data Base (IMDB)

To evaluate retention and earnings of immigrants, we use data from the Longitudinal Immigrant Data Base (IMDB). The IMDB combines the landing document of each immigrant, which is recorded at the time that permanent resident status is granted, with the tax information available from tax returns submitted to Revenue Canada. The information from landing records provides data on the gender, marital status, source country, knowledge of official languages, and educational attainment of each individual at the time of landing. In addition, data is available on the program by which an immigrant was granted entry and the province/region to which the immigrant was initially destined. With this information it is possible to distinguish between ECIs and provincial Nominees, as well as between principal applicants (PAs) and their dependents.<sup>16</sup> The tax data available in the IMDB consists of fields that appear on the personal income tax return (T1 form), such as income from employment, self-employment and investments, along with total income. The province in which taxes were filed and the age of the individual in the tax year are also recorded. We limit our analysis to principal applicants, since the entry requirements of the programs of interest apply primarily to these individuals.

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<sup>16</sup> The IMDB does not distinguish between categories within the Provincial Nominee Program, but does permit immigrants arriving through the national program to be identified as skilled workers, entrepreneurs and investors. As the Nominee programs have categories that parallel each of these streams, we group together the three aforementioned types of ECIs together into a single category for comparison with the Nominees. While live-in caregivers are also formally classified as independent economic immigrants, we preclude this group from the analysis, as they have no equivalent within the Nominee programs.

The IMDB is an administrative data set and is not directly available to researchers. However, custom tabulations and regressions may be ordered through Statistics Canada on a cost-recovery basis.<sup>17</sup> We requested summary statistics for selected variables for cells based on immigrant class (PNPs and ECIs), year of arrival, destination region, and tax year. In addition, earnings regressions and probit models of retention were estimated, the results of which are discussed in Section **Error! Reference source not found.**<sup>18</sup>

To analyze the economic outcomes of immigrants, we use total earnings, defined as the sum of employment and self-employment income.<sup>19</sup> Earnings are deflated using the Consumer Price Index and are expressed in 2002 dollars. Since immigrants may have only worked for part of the tax year in which permanent resident status was obtained, for our analysis we use earnings for the first and second full tax year after arrival.

To evaluate retention, we construct a simple measure for tax filers in a given year that compares the province in which taxes were filed to the province to which an individual was originally destined. If the two match, we classify that individual as a “stayer;” otherwise, the individual is classified as a “leaver.” For a given arrival cohort to a province (e.g. immigrants landing in Manitoba in 2000), the retention rate for each subsequent year is computed as the ratio of stayers to the total number of individuals in the cohort. Hence our retention rate is the

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<sup>17</sup> To ensure data confidentiality, Statistics Canada requires that the number of people in a cell and any sums used in the denominator to produce means and proportions are randomly rounded to fives. The closer a number is to the nearest five, the greater the probability it is rounded to that number; otherwise, it is rounded to the next closest five. For example, the number ‘149’ would be rounded to 150 80% of the time and 145 20% of the time, while the number ‘150’ would be reported as is. Sums used in the denominator to compute standard deviations and parameter estimates arising from regression models are not subject to rounding.

<sup>18</sup> The analysis was performed using SAS, with programs written by an analyst with Statistics Canada. We maintained regular contact with the analyst as the request was being developed and carefully checked all code to insure that it met the specifications of our request. The programs used to generate the data underlying this section and the models in section **Error! Reference source not found.** are available upon request.

<sup>19</sup> For our earnings analysis, we only include those individuals reporting positive earnings.

percentage of tax-filing immigrants within an arrival year cohort that filed taxes in the original destination region.

Given that our data set only includes immigrants that filed taxes, concerns arise with regards to coverage. In Table 2, we report the percentage of principal applicants arriving in each year between 1998 and 2005 that filed taxes for the first full tax year after the landing year. These numbers are reported separately for Nominees and ECIs. In excess of 80 % of Nominees landing in Canada filed taxes for the first tax year after arrival. For ECIs, the numbers are somewhat lower, but generally above 70 %. While these rates may seem low, it should be noted that a considerable portion of immigrants leave Canada within a year of their arrival. Using data from the Census and the IMDB, Aydemir and Robinson (2008) found that during the 1990s, a fifth of male immigrants left Canada within the first five years after arrival. The majority of these departures happened within the first year after arrival and occurred with greater likelihood for ECIs. Although there is no way for us to distinguish between those that migrated from Canada and those that remained but did not file taxes, the findings of Aydemir and Robinson suggest that almost all immigrants that remain in Canada file taxes for the first full year after landing and are included in our data.

**Table 2: Filing rates for the first full tax year after arrival, by immigrant category, principal applicants, 1998–2005 arrival cohorts**

Year of Arrival	Nominees	ECIs
1998	n/a	76.1
1999	92.7	78.6
2000	92.4	80.7
2001	85.4	80.8
2002	85.3	76.7
2003	87.9	74.5
2004	86.3	73.5
2005	82.9	69.9

**Source:** Authors' calculations using custom tabulations from the IMDB and figures from Citizenship and Immigration Canada (2008).

### 3.2 Preliminary Results

In Table 3, we present summary statistics on selected characteristics of immigrants for two periods (1994-99 and 2000-05) and three regions of Canada (the Atlantic provinces, Manitoba, and the Rest of Canada).<sup>20</sup> The latter period corresponds roughly with the increased utilization of the PNP. We chose these geographic groupings on the basis of common features of the programs within regions. In the Atlantic region, the Nominee programs are intended to boost population growth by attracting and retaining immigrants to provinces that have traditionally struggled to do so. Although the intention of the programs was similar, the programs did vary by province. For example, unlike the other three Atlantic provinces, P.E.I. initially only offered an investor stream. Despite these differences, grouping these provinces together was necessitated by the small number of Nominees that entered Canada through one of the programs offered in the

<sup>20</sup> Given the maturity and size of its Nominee program, we analyze Manitoba separately. The Atlantic provinces are Newfoundland and Labrador, New Brunswick, Prince Edward Island and Nova Scotia.

region.<sup>21</sup> While Manitoba also uses its program primarily to boost its population, the number of Nominees was large enough during our study period that it can be evaluated separately. For the remaining three provinces, the primary use of the programs has been to allow employers to recruit immigrants to fill job vacancies in defined occupations. In what follows, we refer to this group of provinces as ‘the Rest of Canada.’ Again, this grouping is necessitated by the small scale of the programs in these provinces during the period for which we have data. As the first row of Table 3 indicates, 68.4% of principal applicants landing in Manitoba during the later period came through the PNP. In contrast, roughly a fifth of principal applicants landing in Atlantic Canada and less than 1% of principal applicants in the remaining five provinces were Nominees.

It is well known that economic immigrants have become increasingly more educated over time (Ferrer and Riddell, 2008). This pattern is confirmed in our data set, where for all provinces, except Manitoba, the percentage of new arrivals with a university degree increased from about 62% in the 1994-99 period to roughly three quarters for the 2000-05 period. In sharp contrast, just over half of immigrants to Manitoba in the latter period had a university degree, representing a decline from the former period. The percentage of recent immigrants to Manitoba that held no more than a high school diploma was also higher than the rest of the country.

For Manitoba, the introduction of the PNP has coincided with a doubling in the proportion of principal applicants that speak neither English nor French. Except for Atlantic Provinces, all parts of Canada have experienced an increase in principal applicants speaking neither official language. There were no major changes between the two periods in terms of the source regions, average age and gender of principal applicants.

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<sup>21</sup> Between 1999 and 2005, there were 555 principal applicants that landed in Atlantic Canada and filed taxes in the subsequent year. For Manitoba and the Rest of Canada, the figures were 4400 and 1650, respectively.

**Table 3: Selected Characteristics and Outcomes of Principal Applicants, by Region and Period**

	Atlantic		Manitoba		Rest of Canada	
	1994-99	2000-05	1994-99	2000-05	1994-99	2000-05
Provincial Nominees (% of Principal Applicants)	0	20.4	7.7	68.4	0	0.7
<i>I.</i>						
<i>Education</i>						
University	64.2	74.7	63.7	54.6	61.8	80
P.S. diploma	18.7	18.7	22.5	33.9	25.5	16.3
H.S. or less	17	6.8	14.8	11.3	12.7	3.7
<i>II. Source region</i>						
Europe	16.1	21.3	30.8	27.7	25.8	21.4
Asia	38.8	36	53.3	54.8	52	52.5
United States	5.6	6.1	2.8	0.9	1.7	1
Africa	38.2	33.9	11.4	10.9	16.5	19.8
South/Central America	1.6	3.7	3.9	5.6	4	5.2
<i>III. Official languages spoken</i>						
English	78.6	76.3	83.4	70.7	72.1	56.9
French	1.3	1.7	0.9	0.8	5	5.5
Both	5.6	12.1	3.6	3	8.7	16.9
Neither	14.7	9.9	12.5	25.4	14.1	20.8
<i>IV. Other</i>						
<i>Demographics</i>						
Age at landing	38.9	38.2	35.4	36	35.5	35.1
Male	83.2	76.3	72.8	77.3	74.5	74.7
<i>V. Earnings</i>						
Reported Employment Earnings	53.3	65.3	79.6	88.8	70.2	75.6
Reported Earnings	61.4	74.9	86.3	92.2	75.4	79.9
Average Earnings	26300	33500	24700	24500	25800	24100
One Year Retention	40.2	64.8	63.3	80.6	82.7	87.5
Observations	3980	2725	3105	6310	175985	248185

**Source:** Custom tabulations from the IMDB.

*Note:* Includes all principal applicants that landed through either the national economic class or PNP programs that filed taxes in the year after the landing year. Average earnings are reported in 2002 dollars and are conditional on having positive earnings.

Average earnings for immigrants rose in Atlantic Canada but were either stagnant or fell in the rest of the country. Outside of Manitoba, the decline, although consistent with other findings on immigrant earnings over the same time frame, is still somewhat surprising, given conventional notions about the relationship between earnings and educational attainment (Picot, 2008). Average earnings in Manitoba were fairly steady, despite a shift from entrants with university degrees to entrants with post-secondary diplomas. Retention rates one year after arrival, compared to the rest of Canada, were low in both Manitoba and Atlantic Canada during the late 1990s. However, they increased in all provinces after 2000, with particularly large gains seen in both Manitoba and the Atlantic provinces.

To explore the differences in characteristics between ECIs and Nominees, in Table 4, we compare characteristics, earnings and retention rates for immigrants that entered through the two programs one year after landing, using the same three regions but only the 2000-05 period.

**Table 4: Selected Characteristics and Short-term Outcomes, by Region and Immigration Class, 2000-05**

	Atlantic		Manitoba		Rest of Canada	
	PNP	Economic	PNP	Economic	PNP	Economic
<i>I. Education</i>						
University	57.7	79.0	43.8	77.9	52.3	80.2
P.S.	31.5	15.5	42.0	16.5	38.8	16.2
Diploma						
H.S. or less	10.8	5.8	14.4	4.8	9.0	3.7
<i>II. Official languages spoken</i>						
English	73.9	77.0	67.5	77.4	79.5	56.7
French	1.1	1.8	0.2	1.7	0.0	5.5
Both	12.6	12.0	1.8	5.8	6.7	17.0
Neither	13.5	9.0	30.4	14.8	15.8	20.9
<i>III. One year outcomes</i>						
Reported earnings	70.3	76.0	94.1	88.2	88.7	79.8
Average earnings	42600	31300	23700	26400	55700	23800
One Year Retention	62.2	65.4	86.5	67.7	86.2	87.6
N	555	2170	4315	1995	1635	246550

For Manitoba, the one-year retention rates of Nominees were substantially higher than those for ECIs, suggesting that provincial immigration officials were successful in identifying applicants likely to settle within the province. For Atlantic Canada, nominees and ECIs had a similar retention rate, which suggests that the increased retention rates between the periods 1995-99 and 2000-05 (Table 3) were not a result of improved selection of immigrants through the Nominee programs. For the Rest of Canada, where retention rates are relatively high, there was no difference between Nominees and ECIs.

In terms of educational attainment, Nominees in all three regions were substantially less likely to hold a university degree than ECIs landing in the same period. The lower educational attainment of Nominees was not associated with a decline in entry earnings; for all regions other than Manitoba, Nominees had real earnings in the first full year after arrival that were substantially above those of ECIs. In Manitoba earnings of Nominees were comparable to those of ECIs within the province, even though Nominees were substantially less educated and about 30% spoke neither official language prior to landing.<sup>22</sup>

The summary statistics discussed thus far provide some important insights into the differences in characteristics of nominees and ECIs. However, to compare the outcomes of immigrants arriving through the two programs, we need to account for differences in characteristics of immigrants in the two groups. This is of particular importance with regards to earnings, as by themselves, the differences in human capital characteristics of the two groups would be expected to result in differences in earnings. In the next Section we estimate regression models to evaluate the differences in earnings and the probability of provincial retention between Nominees and ECIs after controlling for observable differences between the two groups.

#### 4 Earnings and Retention

We evaluate the earnings and retention rates of Nominees by comparing them with those of observationally equivalent ECIs. To do so, we estimate models of the form:

$$Y_{it} = X_{it}\beta + \delta_M MPNP_{it} + \delta_{OTH} OPNP_{it} + \delta_{Atl} OPNP_{it} \cdot Atlantic_{it} + \gamma_t + \lambda_r + \varepsilon_{it}, \quad (1)$$

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<sup>22</sup> These findings are similar to those of Li (ming), who use the LIDS to compare the educational attainment and knowledge of official languages of PNP and ECI principal applicants arriving between 2001 and 2005. While Li also finds that Nominees were significantly less likely to have a university degree or know an official language, he does not break the differences down by regions or examine subsequent outcomes.

$Y_{it}$  is the outcome of interest for individual  $i$  in year  $t$ . The two outcomes of interest that we consider are: 1) earnings, defined as the natural logarithm of real earnings, expressed in 2002 dollars, and 2) retention, defined as the probability of remaining in the original destination province, based on the “stayer” variable described in Section **Error! Reference source not found.**  $X_{it}$  is a vector of observed personal characteristics including marital status, educational attainment, the ability to speak one or more official language, source region and other characteristics will be specified in what follows. To allow for persistent differences in outcomes across regions, we include regional fixed effects,  $\lambda_r$ . To control for the business cycle and other systematic changes affecting outcomes that are common to all regions, we include year effects,  $\gamma_t$ . The year effects will also control for changes to the selection criteria and administration of the national program, where it is assumed that these changes will influence the outcomes in all provinces identically.

We divide individuals arriving through Nominee programs into three groups based on the region to which they were originally destined.  $MPNP_{it}$  indicates that an individual is a Manitoba Nominee.  $OPNP_{it}$  indicates that an individual is a Nominee of another province (“Other PNP”). The OPNP term is interacted with a variable indicating whether or not an individual landed in Atlantic Canada. With the exception of the Atlantic region, the coefficients for Nominees measure the difference in the outcome between Nominees and ECIs that were destined for the same region but are otherwise observationally equivalent. For Atlantic Canada, the difference is found by adding the coefficient for the  $OPNP$  variable,  $\delta_{OTH}$  and the coefficient on the interaction term,  $\delta_{ATL}$ .

#### 4.1 Earnings

For earnings, equation (1) was estimated separately for men and women. In our main specification, we included individuals with all levels of education, controlling for the differences using dummy variables based on three broad educational categories: (i) high school or less, (ii) post-secondary diploma and (iii) university degree. We also estimated earnings regressions separately for individuals in each educational group. In what follows, we focus on men, as they make up at least 75% of principal applicants in each year between 1980 and 2006.

Table 5 presents the results obtained by estimating our model using real earnings in the first and second full year after arrival as the dependent variable. These results were obtained by including men with all levels of educational attainment. The signs of the estimated coefficients on variables other than the Nominee terms are similar to those found in other studies on immigrant earnings. Higher levels of educational attainment are associated with higher earnings. Age, often viewed as a proxy for labour force experience, is related to earnings according to a concave quadratic function. The year effects indicate a general deterioration in earnings since 1980. As we are looking at earnings one year after arrival, this is consistent with the finding of others that entry earnings of Canadian immigrants have been deteriorating over the last quarter century (Aydemir and Skuterud, 2005). Immigrants coming from parts of the world outside of Europe and the U.S. have worse earnings outcomes, perhaps reflecting either difficulties in obtaining recognition for foreign experience (Ferrer and Riddell, 2008) or racial discrimination (Skuterud, 2010).

The coefficient on the Manitoba Nominee variable is positive and statistically significant. The point estimate of 0.329 indicates that compared to equivalent ECIs, the average earnings of

**Table 5: Earnings Equation for Men, One and Two Years after Arrival**

	One Year	Two Year
<i>I. Nominee program</i>		
Manitoba	0.329 (0.022)***	0.310 (0.026)***
Other	0.682 (0.033)***	0.577 (0.043)***
Other × Atlantic	-0.187 (0.072)***	-0.103 (0.099)
<i>II. Educational Attainment (relative to high school or less)</i>		
P.S. Diploma	0.089 (0.006)***	0.126 (0.006)***
University Degree	0.204 (0.006)***	0.300 (0.006)***
<i>III. Age and Marital Status (relative to single)</i>		
Married	0.127 (0.004)***	0.140 (0.004)***
Age	0.019 (0.002)***	0.033 (0.002)***
Age squared	-0.0003 (0.0000)***	-0.001 (0.000)***
<i>IV. Official Languages Spoken (relative to English only)</i>		
French	-0.363 (0.022)***	-0.330 (0.022)***
Both	-0.030 (0.009)***	-0.028 (0.009)***
Neither	-0.332 (0.005)***	-0.319 (0.005)***
French × Quebec	0.070 (0.024)***	0.066 (0.024)***
Both × Quebec	-0.085 (0.012)***	-0.033 (0.012)***
Neither × Quebec	-0.098 (0.013)***	-0.078 (0.012)***
<i>V. Source Region (relative to Europe)</i>		
Africa	-0.443 (0.005)***	-0.408 (0.005)***
Asia	-0.435 (0.004)***	-0.425 (0.005)***
Americas	-0.223 (0.008)***	-0.208 (0.008)***
United States	0.355 (0.011)***	0.248 (0.011)***
source_uc	-0.167 (0.119)	-0.126 (0.116)
<i>VI. Region Taxes Filed From (Relative to Ontario / From CMA)</i>		
CMA	0.000 (0.007)	0.033 (0.007)***
Atlantic	-0.083 (0.015)***	-0.114 (0.015)***
Quebec	-0.344 (0.008)***	-0.349 (0.007)***
Manitoba	-0.136 (0.013)***	-0.153 (0.014)***
Saskatchewan	-0.040 (0.019)***	-0.024 (0.020)
Alberta	0.067 (0.006)***	0.059 (0.006)***
BC	-0.103 (0.005)***	-0.121 (0.005)***
Territories	0.269 (0.083)	0.244 (0.075)***
<i>VII. Year of Landing (relative to 1981)</i>		
1985	-0.292 (0.018)***	-0.181 (0.018)***
1990	-0.502 (0.013)***	-0.422 (0.013)***
1995	-0.697 (0.013)***	-0.448 (0.013)***
2000	-0.492 (0.012)***	-0.432 (0.012)***
2005	-0.626 (0.013)***	-0.456 (0.013)***
N	395454	378877

**Notes:** \*\*\*Significant at .01 level. \*\*Significant at .05 level. The dependant variable is the log of real earnings. Year effects are only reported for select years. Standard errors reported in parentheses.

Nominees in the first full year after arrival were approximately 39% higher. The results for other Nominee programs are even larger, with point estimates of 0.493 for Atlantic Canada and 0.682 for the rest of Canada. These results indicate that after accounting for differences in characteristics, Nominees in these regions had earnings one year after arrival that were on average 69% higher in Atlantic Canada and 98% higher in the rest of Canada, than those of comparable ECIs. The results for the second year after arrival, while similar, are somewhat smaller.

Table 6 presents the coefficient estimates for the various programs when the model is estimated separately for each educational grouping of male principal applicants. We also present the results for female principal applicants. For men, the point estimates indicate that in Manitoba, Nominees with lower levels of educational attainment saw the largest advantage in earnings in the first full year after landing; estimates range from 0.469 for those with up to a high school diploma to 0.224 for those with a university degree. For Nominees of Atlantic Canada, the differentials for those with less than a high school and a post-secondary diploma are 0.078 and 0.115 respectively, which are substantially smaller than the differentials for Manitoba Nominees. The university educated in Atlantic Canada fared much better, with an average log earnings differential of 0.700. For the rest of Canada, Nominees with a university degree exhibited the largest difference, with earnings 0.932 log points above their ECI counterparts. The differentials for high school and post-secondary Nominees to this region were comparable to those for Manitoba Nominees.

**Table 6: PNP Relative Earnings of Nominees, By Gender and Education, One and Two Years after Landing**

	H.S. or less	P.S. Diploma	University	All
<i>I. Men, One Year</i>				
Manitoba	0.469*** (0.048)	0.280*** (0.034)	0.224*** (0.037)	0.329*** (0.022)
Other	0.412*** (0.09)	0.342*** (0.05)	0.932*** (0.05)	0.682*** (0.033)
Other × Atlantic	-0.334 (0.184)	-0.227 (0.116)	-0.232** (0.103)	-0.187*** (0.072)
<i>I. Men, Two years</i>				
Manitoba	0.362*** (0.058)	0.250*** (0.038)	0.215*** (0.043)	0.310*** (0.026)
Other	0.275** (0.12)	0.296*** (0.063)	0.771*** (0.064)	0.577*** (0.043)
Other × Atlantic	-0.404 (0.271)	-0.524*** (0.16)	0.067 (0.14)	-0.103 (0.099)
<i>II. Women, One year</i>				
Manitoba	0.214*** (0.078)	0.245*** (0.085)	0.270*** (0.057)	0.284*** (0.040)
Other	-0.293 (0.284)	0.991*** (0.108)	1.139*** (0.082)	1.104*** (0.062)
Other × Atlantic	0.807 (0.49)	-1.361*** (0.237)	-0.708*** (0.187)	-0.835*** (0.139)
<i>III. Women, Two years</i>				
Manitoba	0.236*** (0.085)	0.155*** (0.100)	0.262*** (0.066)	0.261*** (0.046)
Rest	0.249 (0.462)	0.996*** (0.145)	0.947*** (0.102)	0.995*** (0.08)
Rest × Atlantic	-0.319 (0.653)	-0.980*** (0.325)	-0.513** (0.229)	-0.652*** (0.175)

**Notes:** \*\*\*Significant at .01 level. \*\*Significant at .05 level. The dependant variable is the log of real earnings. Standard errors are reported in parentheses.

The results for men for all educational groups in the second full year after arrival are similar to those for the first full year after arrival, though the wage differential between Nominees and ECIs tends to be somewhat attenuated for all regions and educational groups that we consider. One possible explanation for this finding is that Nominees find better initial job matches than ECIs, but that ECIs are eventually able to find better matches over time.

The results for women are similar to those for men. Manitoba Nominees do better than Manitoba ECIs, with the differential being relatively uniform across Nominees of differing educational attainment. For Nominee programs in the rest of Canada, excluding Atlantic Canada, the differential tends to increase with education. However, for women with a post-secondary diploma landing through a nominee program, the wage differential is substantially higher than for men. It should be noted that there are relatively few female Nominees in the lowest educational category, which accounts for the large standard errors on the estimates. For female Nominees of the Atlantic Provinces, the differentials again tend to be less than for Nominees to the rest of Canada. However, again, the size of this group is relatively small, leading to large standard errors of the estimates. Finally, there is some tendency for the differentials to shrink between the first and second year, albeit at a slower rate than for men.

In sum, we find that immigrants entering through one of the Provincial Nominee Programs had higher earnings in the first and second year after immigration than observationally equivalent immigrants entering through the federal Economic Class program. The earnings differentials for Nominees, however, vary by education and region. While for Manitoba Nominees, the differential was the largest for the less educated group, it was the largest for the most educated Nominees in the Atlantic Provinces and the rest of Canada. These differences may be due to differences in the demand for labour skills across provinces in Canada; for Manitoba there may be more demand for low skilled immigrants while for the rest of Canada demand may be higher for high skilled immigrants. Alternatively, outside of Manitoba, Nominees were generally required to have a job offer to be eligible for admission. Job offers may have provided the greatest benefits to the most educated immigrants. Such an offer would likely be contingent on recognition by a Canadian employer of a potential immigrant's foreign educational

credentials. By virtue of having more human capital, well-educated immigrants would stand to gain the most from a good job match.

#### 4.1.1 Earnings Profiles of Manitoba Immigrants

To examine earnings outcomes past the first two years, we estimate a variant of the equation (1) in which we include earnings in the entry year and subsequent years. As our primary interest is in the outcome of Nominees, we restrict our attention to the post-PNP period (1996-2006). We examine only Manitoba, as this was the only program that was large enough in the first few years to provide a reliable picture of longer term outcomes. We include only those individuals that remain in Manitoba (stayers). We add terms to the models that explicitly allow earnings to change with years since landing (*YSL*). The slope of the wage profile is allowed to differ by immigration class:

$$Y_{it\tau} = X_{it} \beta + \delta_{\tau} MPNP_{it} + \alpha \cdot YSL_{it} + \phi MPNP_{it} \cdot YSL_{it} + \kappa \cdot YSL_{it}^2 + \gamma_{\tau} + \varepsilon_{it}, \quad (2)$$

$t$  indicates the tax year, and  $\tau$  indicates the landing year. The intercept is allowed to vary by year of entry for both immigration classes. In addition, the slope of the wage profiles varies by entry category, but is restricted to be constant across the entire period. With the exception of the years since landing variables, the control variables are the same as in Table 5.

The results from estimating equation (2) are presented in Table 7. Consistent with the literature on economic integration, immigrant earnings increase with years since landing, with steeper profiles for immigrants with a university degree. For University educated immigrants, not

**Table 7: Relative Earnings of Manitoba Provincial Nominees, By Education: 1999-2006**

	H.S. or P.S. Diploma	University
Intercept	9.313 (0.069)***	10.064 (0.070)***
Male	0.226 (0.025)***	0.143 (0.018)***
P.S. Diploma	0.178 (0.019)***	
Married	0.105 (0.021)***	0.030 (0.020)
Age at arrival	-0.006 (0.001)***	-0.007 (0.001)***
French	-0.474 (0.104)***	-0.853 (0.118)***
Both	-0.142 (0.061)**	-0.101 (0.050)**
Neither	-0.056 (0.018)***	-0.191 (0.026)***
Filed in Winnipeg	0.14 (0.022)***	-0.305 (0.035)***
Source Region (Relative to Europe)		
Africa	0.083 (0.033)**	0.135 (0.034)***
Asia	-0.087 (0.022)***	-0.024 (0.025)
Americas	0.167 (0.038)***	0.243 (0.039)***
US	0.583 (0.081)***	0.562 (0.064)***
Landing Year (Relative to 1999)		
2000	-0.175 (0.046)***	-0.061 (0.036)*
2001	-0.211 (0.054)***	0.041 (0.038)
2002	-0.099 (0.060)*	-0.092 (0.042)**
2003	-0.485 (0.078)***	0.159 (0.044)***
2004	0.050 (0.083)	0.106 (0.052)**
2005	-0.016 (0.117)	0.106 (0.057)*
2006	0.107 (0.188)	-0.037 (0.097)
Nominee	0.124 (0.064)*	-0.061 (0.075)
Nominee X Landing Year		
2000	0.313 (0.064)***	0.340 (0.073)***
2001	0.369 (0.073)***	0.511 (0.078)***
2002	0.231 (0.076)***	0.194 (0.077)**
2003	0.542 (0.090)***	-0.080 (0.074)
2004	0.026 (0.095)	0.042 (0.080)
2005	0.121 (0.127)	0.122 (0.085)
2006	-0.041 (0.195)	0.152 (0.117)
YSL	0.119 (0.021)***	0.177 (0.020)***
YSL2	-0.008 (0.002)***	-0.010 (0.002)***
YSL X MPNP	-0.019 (0.011)*	-0.023 (0.012)*
N	9487	11095
R2	0.074	0.09

**Notes:** \* Significant at .10 level. \*\* Significant at .05 level. \*\*\* Significant at .01 level. Standard errors are reported in parentheses.

speaking English is associated with lower earnings. The difference is particularly large for French speakers. Although English is the language used by the majority of Manitobans, it is unclear why immigrants speaking neither official tongue fare better than francophones, after adjusting for other differences.

The difference between Nominees and ECIs, after adjusting for other differences, varies by education. For immigrants with up to a post-secondary education, the null hypothesis that earnings were identical between comparable Nominees and ECIs in a given landing was rejected at a 0.05 level of significance in favor of the alternative hypothesis that Nominees have higher earnings for all years except 2006. In no year was the alternative the ECIs had higher wages accepted in place of the null. The statistically significant differences range from a low of 0.12 log points in 1999 to a high of 0.67 log points in 2003.

For University educated immigrants, the same hypothesis was rejected in favor of Nominees having the higher wage in the landing years in 2000, 2001, and 2002 (5 percent level of significance) The point estimates of the differences in the years ranged from 0.13 log points (2002) to 0.45 log points (2001). For the year 2003, the earnings of university educated Nominees lagged those of comparable ECIs by 0.14 points, a significant difference. For the remaining years, the differences in entry wages were not significantly different.

There is weak evidence that for both groups, based on educational attainment, Nominees experienced slower earnings growth than ECIs. In each case, the difference is only significantly different at the 0.10 level. The point estimates of the coefficient on the interaction between years since landing and Nominee status indicate that for those immigrants with less than a university degree, Nominees experienced earnings growth that lagged that of comparable ECIs by 0.019 log points per annum. For those with university degrees, the comparable figure is 0.023 log points.

The earnings profiles for Manitoba are consistent with our earlier findings. After adjusting for other differences, within broad educational categories, Nominees have higher earnings than ECIs. However, for the most educated, these differences are only evident in the first few years of the program, after which the outcomes converge to those of ECIs. For the less educated group, the advantage persists until the 2005 entry cohort, at which point the outcomes of the two groups converge. While entry earnings are similar or higher for Nominees in both education groups, we find evidence that Nominees have flatter earnings profiles than ECIs.

#### 4.2 Retention

To evaluate differences in retention between ECIs and Nominees, we estimated probit models of retention one and two years after arrival, in which the probability of staying in the province of landing depends on personal characteristics, the program through which entry was gained, and provincial and year fixed effects. Personal characteristics consist of gender, age of arrival, educational attainment, knowledge of one or more official languages, marital status and source region. As with the wage equations, we distinguish between Nominees of Manitoba, the Atlantic Region and the rest of Canada.

The estimates obtained when individuals with all three levels of education are pooled together are presented in Table 8. As one would expect, we find that immigrants with greater educational attainment are more mobile while those arriving later in life are less likely to move.<sup>23</sup> Further, immigrants speaking French are more likely to remain in Quebec than English speaking immigrants, but less likely to stay in other provinces. In addition, the regional fixed effects

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<sup>23</sup> This mirrors the findings of Ostrovsky et al. (2008), who also found that highly educated immigrants to Canada exhibited the greatest subsequent mobility.

**Table 8: One and Two Year Models of Retention**

	One Year	Two Year
<i>I. Nominee program</i>		
Manitoba	0.449 (0.027)***	0.509 (0.03)***
Other	-0.108 (0.039)***	-0.134 (0.047)***
Other × Atlantic	0.020 (0.068)	0.119 (0.088)
<i>II. Educational Attainment - Relative to H.S. or Less</i>		
Diploma	-0.157 (0.007)***	-0.165 (0.007)***
University	-0.283 (0.007)***	-0.310 (0.007)***
<i>III. Gender, Marital Status, And Age of Arrival</i>		
Male	-0.049 (0.005)***	-0.054 (0.005)***
Married	-0.067 (0.005)***	-0.060 (0.005)***
Age of Arrival	0.003 (0.000)***	0.004 (0.000)***
<i>IV. Official Languages Spoken - Relative to English only</i>		
French	-0.630 (0.024)***	-0.638 (0.024)***
Both	-0.394 (0.010)***	-0.407 (0.010)***
Neither	-0.082 (0.006)***	-0.079 (0.006)***
French × Quebec	1.667 (0.028)***	1.691 (0.028)***
Both × Quebec	1.061 (0.015)***	1.126 (0.015)***
Neither × Quebec	-0.160 (0.014)***	-0.141 (0.014)***
<i>V. Source Region - Relative to Europe</i>		
Africa	-0.252 (0.007)***	-0.233 (0.007)***
Asia	-0.356 (0.006)***	-0.352 (0.006)***
Americas	0.002 (0.011)	0.024 (0.011)**
United States	0.295 (0.016)***	0.269 (0.016)***
Unknown	-0.225 (0.14)	-0.138 (0.141)
<i>VI. Destination Region - Relative to Ontario</i>		
Atlantic	-1.146 (0.013)***	-1.237 (0.013)***
Quebec	-0.801 (0.010)***	-0.855 (0.010)***
Saskatchewan	-1.076 (0.017)***	-1.220 (0.017)***
Manitoba	-0.829 (0.013)***	-0.915 (0.013)***
Alberta	-0.584 (0.007)***	-0.635 (0.007)***
B.C.	-0.256 (0.006)***	-0.271 (0.006)***
<i>VII. Year of Landing - Relative to 1980</i>		
1985	0.220 (0.026)***	0.181 (0.024)***
1990	-0.025 (0.018)	-0.027 (0.018)
1995	-0.271 (0.017)***	-0.236 (0.011)***
2000	-0.215 (0.016)***	-0.184 (0.016)***
2005	0.163 (0.017)***	
Intercept	3.879 (0.376)***	4.052 (0.361)***
N	674792	633288

**Notes:** \*Significant at .10 level. \*\*Significant at .05 level. \*\*\*Significant at .01 level. Standard errors presented in parentheses.

indicate that relative to Ontario, the Atlantic provinces, Manitoba, Saskatchewan, and, to a lesser degree, Alberta, all struggle to retain immigrants.<sup>24</sup>

The year effects indicate that retention across Canada began falling for immigrants arriving in the late 1980s. This decline continued for subsequent entrants until the late 1990s, when it reversed. Conditional retention rates for immigrants landing in the 2000s were significantly higher than for those landing in the 1990s. The higher retention rates may reflect the strong labour market conditions that prevailed across Canada during the latter period.

The coefficient for Manitoba Nominees indicates that they were more likely than ECIs to remain in the province one and two years after arrival. In the rest of Canada, Nominees had lower conditional retention rates than ECIs. This is true of the Atlantic provinces as well, where the combined coefficients for "Other Nominees" and the interaction terms for Atlantic Canada are negative.

To aid with the interpretation of our results, we calculated the fitted probability of retention for Nominees and ECIs for various regions in Canada. This required choosing a reference type, as the fitted values are conditional probabilities. Given the characteristics of economic immigrants in general and Nominees in particular (Tables 3 and 4), we used a single male, 35 years of age, immigrating from Europe and speaking English as our reference. Further, given the emphasis on post-secondary diplomas by the PNPs in all regions, for the model where all educational categories were included, the fitted probability is conditional on having this level of education. As we are interested in a period in which the various PNPs existed, we use the year effect for 2002. For this exercise, we chose three regions: Manitoba, British Columbia, and Atlantic Canada; over our study period, these three regions were the three largest users of the

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<sup>24</sup> The coefficient for Quebec must be interpreted with care, since it applies to English-speaking immigrants, and the majority of immigrants to Quebec are French speaking. The French language coefficient summed with the coefficient on the Quebec-French language interaction more than offsets the Quebec fixed effects.

Nominee Programs, accounting for 66.5, 8.8 and 8.7 per cent of all Nominees admitted during this period (Table 1).<sup>25</sup>

**Table 9: Fitted Retention Rates, By Education, Region and Entry Program**

<i>I. Pooled (Post-secondary Diploma)</i>				
	1 year		2 year	
	ECI	Nominee	ECI	Nominee
Manitoba	0.79	0.90	0.75	0.88
B.C.	0.92	0.90	0.91	0.88
Atlantic	0.69	0.66	0.64	0.64

<i>II. High School or Less</i>				
	1 year		2 year	
	ECI	Nominee	ECI	Nominee
Manitoba	0.87	0.94	0.82	0.93
B.C.	0.97	0.92	0.96	0.88
Atlantic	0.67	0.59	0.62	0.39

<i>III. Post-secondary diploma</i>				
	1 year		2 year	
	ECI	Nominee	ECI	Nominee
Manitoba	0.81	0.88	0.78	0.87
B.C.	0.94	0.88	0.93	0.86
Atlantic	0.73	0.58	0.7	0.49

<i>IV. University Degree</i>				
	1 Year		2 Year	
	ECI	Nominee	ECI	Nominee
Manitoba	0.72	0.89	0.67	0.85
B.C.	0.87	0.90	0.85	0.88
Atlantic	0.64	0.68	0.57	0.64

The fitted probabilities are presented in Table 9. The first set of results, labeled as “pooled,” are derived from the regression results in Table 8. The remaining results, for different levels of

<sup>25</sup> These figures include spouses and dependents of Nominees.

education attainment, were obtained from estimating models using the same set of controls but only including individuals with the specified level of education. Of the three regions, British Columbia had the highest one-year retention rates for ECIs, regardless of the level of education. One year rates in B.C. varied from 87 percent for university education to 97 percent for those with a high school education. In comparison, retention rates in Atlantic Canada were substantially lower, with rates between 64 (university educated) and 73 percent (post-secondary diploma). Manitoba fell in between the two regions, with one year retention rates between 72 percent (university educated) and 87 percent (high school educated).

For Manitoba, Nominees were on average 10 percent points more likely than comparable ECIs to stay in the first full year after arrival. An increase of roughly this magnitude is observed for all levels of education for the province. However, nominees to British Columbia and Atlantic Canada had retention rates that were generally either similar to or below those of comparable ECIs. In British Columbia, the differences were generally small, with less than a 5 percentage point difference in the probability of staying in the province for any educational group. In Atlantic Canada, the differences varied widely by educational level. However, given the relatively small number of Nominees within this region, the results by education groups for Atlantic Canada must be interpreted with caution. Nonetheless, the results provide no evidence that immigrants chosen through one of the Atlantic Nominee programs were more likely to remain in the region than similar ECIs. Even though retention rates are universally lower in the second year, similar results are obtained for the various regions and immigration categories when using the two year retention rates.

To summarize, compared to equivalent ECIs, Manitoba Nominees were more likely to stay in the province, regardless of educational attainment. This was not the case for Nominees to other

provinces, including those to Atlantic Canada. This finding suggests that the selection process of the Manitoba PNP has been the most successful in identifying immigrants that will settle within the province.

## 5 Discussion and Conclusion

Provincial Nominee Programs are expected to become an increasingly important part of immigration policy. The CIC anticipates that by 2012, roughly a third of all economic immigration to Canada will take place through one of these programs. Given the rising importance of these programs, selection of immigrants is gradually being transferred from the federal government to the provinces. We compared the earnings of ECIs to Nominees to determine whether Nominees were more successful at becoming established within the Canadian economy. Based on a regression model of earnings for the first full tax year after arrival, our results indicate that Nominees had substantially higher earnings. In Manitoba, we find that Nominees had earnings that were 39% higher than ECIs, after controlling for differences in characteristics. In Atlantic Canada, earnings were 69% higher, while in the rest of Canada, earnings were 98% higher. Employer sponsored categories, in which a job offer is required for eligibility, played a prominent role in all the Nominee programs. As Nominees generally have jobs lined up when they arrive, this likely explains why they had higher earnings than ECIs. With regards to earnings profiles, based on data for immigrants to Manitoba, we find that even though Nominees had higher entry earnings, their earnings profiles were flatter than those for ECIs. This suggests that the advantage that Nominees from better job matches disappears over time as ECIs catch up.

We also compared retention rates, after controlling for differences in immigrant characteristics between programs. Our results were mixed: Manitoba Nominees had substantially

higher retention rates than their ECI counterparts, while in the Atlantic Provinces and the rest of Canada, retention rates were similar for immigrants arriving through the two programs. While retention rates were high in general for the rest of Canada, only two-thirds of immigrants landing in Atlantic Canada were still in this region a year later. These findings are somewhat surprising, given that Nominees in Atlantic Canada had higher earnings relative to ECIs than Nominees in Manitoba. This suggests that improved earnings may not be enough to increase retention in regions that have typically struggled to retain immigrants. Other considerations, such as family connections or the existence of established immigrant communities, may play a stronger role in influencing the decision to permanently settle in the receiving community (Derwing and Krahn, 2008).

Our findings should be viewed as a preliminary attempt to understand the implications of the Nominee programs for immigrants and the provinces that sponsor them, given the diversity, small scale and brief existence of these programs. Nominee programs differ across provinces in terms of the categories within the programs and the emphasis on these categories. Since we could not identify Nominees on the basis of the category through which entry was gained, we were unable to attribute any of the difference in outcomes to differences in the actual programs. For example, unlike other provinces, Manitoba operated a general stream in which a job offer was not required but having strong ties to family in the province was important. Does the existence and use of this category account for the lower relative earnings and higher retention rates of Manitoba Nominees? Also, although the programs were small during our study period, they are expected to expand rapidly in the next few years. If the numbers are to increase as expected, will the emphasis still be on admitting immigrants with job offers? If not, would this have an impact on the entry earnings of Nominees as a smaller percentage of Nominees arrive with a job in

hand? Finally, in Atlantic Canada, retention of Nominees was relatively low. If more immigrants are drawn to this region, but subsequently migrate to other provinces, what implications will this have for the receiving provinces? In particular, given that settlement and other social services are provided at the provincial level, will the migration of Nominees have an effect on such services in the receiving provinces?

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