The Leaky Bucket
A Study of Immigrant Retention Trends in Canada
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Foreword

“If I go there will be trouble
And if stay it will be double.”
The Clash, “Should I Stay or Should I Go?”

An increasingly tense discussion has broken out over whether Canada has sufficient capacity—particularly in housing and healthcare—to accommodate the growing number of people moving here each year.

Reading these debates, one could be forgiven for thinking that every immigrant to Canada stays for life, as though passing through a one-way door. They don’t.

How many are leaving? Nobody knows. We commissioned this study to find out.

The Institute for Canadian Citizenship wishes to thank The Conference Board of Canada for producing this excellent report. It takes a frighteningly rare look at how many immigrants to Canada choose to leave. The results are sobering, exposing steady increases in immigrant flight that went seemingly unnoticed for decades, punctuated by severe spikes in recent years that have no historical precedent.

Before the recent debate about immigration levels erupted, it was generally assumed that immigrants’ experiences of (and commitment to) Canada must be generally positive. We all knew that immigrants faced a certain degree of discrimination and disadvantage, but we were confident that those who moved to Canada tended to fare better than those who didn’t. This study shows those assumptions may no longer be as universally true as we thought.

While the fairy tale of Canada as a land of opportunity still holds for many newcomers, this study points to burgeoning disillusionment. After giving Canada a try, growing numbers of immigrants are saying “no thanks,” and moving on.

In that sense, these findings are about so much more than immigration. They offer a reflection on the state of our entire society, affecting all of us.

For Canada to prosper, we must make our society as attractive as possible to people from around the world whose skills, perspectives, and contributions make all the difference to our future.

This is a matter of vital national interest. Because when newcomers succeed, Canada succeeds.

Daniel Bernhard
CEO, Institute for Canadian Citizenship
September 2023
Key findings

• For Canada to meet its immigration goals, the country must not only attract newcomers but also retain them. Yet few attempts have been made to evaluate Canada’s immigrant retention rate.

• Onward migration—immigrants leaving Canada—is increasing among more recent cohorts of immigrants, which suggests immigrants may not be seeing the benefits of moving to Canada.

• Onward migration has been steadily increasing since the 1980s, but it surged in both 2017 and 2019, reaching levels 31 per cent higher than the historical average. If onward migration remains high, it could undermine Canada’s strategy to use immigration to drive population and economic growth.

• Onward migration is the highest four to seven years after arrival, indicating that positive early experiences may be key to retaining immigrants in Canada and reversing the recent spike in onward migration.

Recommendations

• Continue to monitor the onward migration rate among immigrants. Without knowledge about fluctuations in the onward migration rate, policy-makers are ill-prepared to address them.

• Invest in settlement services and other programs that make immigration to Canada rewarding and enjoyable. Further research can help stakeholders understand settlement needs and which initiatives can ease immigrants’ transitions.

• Support employers to recruit, hire, and retain immigrant workers. All three levels of government can provide tools and training to improve practice in this area.

• Invest in infrastructure. As Canada seeks to increase the population, all levels of government need to plan for increased infrastructure. Investments here will ensure that communities can thrive with a growing population.
Pairing immigration policy and a retention strategy

Canada’s future prosperity depends on immigration. Studies by The Conference Board of Canada show that immigration leads to GDP growth, improves the worker-to-retiree ratio, and eases labour shortages that add to inflation.¹

Immigration also contributes to Canada as a multicultural society. In recent years, immigration has been consistently supported by all major political parties, as well as by most members of the public.²

Immigration generates lively discussions in Canada, especially of late. Newspaper articles, policy blogs, and op-eds routinely comment on Canada’s immigration levels and how new immigrants should be selected. But admitting newcomers is only the beginning of an immigration-oriented growth strategy. The benefits of immigration are realized over the time that immigrants spend in Canada—the longer they stay, the more they benefit and contribute. Immigrants who thrive are more likely to stay.

Retention should be a key performance indicator for Canada’s immigration strategy, given the central role that immigration is meant to play in supporting population and economic growth. Yet Canada has remarkably little data on immigrant retention. Without this data, policy-makers are ill-prepared to chart the best course forward.

There is good reason to be worried about retention right now. Like all Canadians, immigrants are experiencing the challenges of our era—unaffordable housing, a lack of critical services, and strained infrastructure capacity.

Yet immigrants also face extra challenges by virtue of being immigrants. Although a majority of immigrants bring significant professional expertise, many are unable to find work commensurate with their qualifications and experience. If immigrants accept a career setback as a trade-off of immigrating, it can take years to work their way back up the career ladder. Some immigrants never achieve commensurate employment in Canada.

These challenges may explain the growing evidence suggesting that some immigrants may be dissatisfied with life in Canada. A 2022 survey shows that younger immigrants’ experience of life in Canada is mixed, with 30 per cent of 18- to 34-year-olds saying that they are likely to move to another country in the next two years.³

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¹ Antunes, “Inequality in Canada”; Rose and Clark, “Counting on Immigration.”
² Compare with The Environics Institute for Survey Research, “Focus Canada.”
³ Leger and Institute for Canadian Citizenship, ICC: Canadian and New Immigrant Attitudes Towards Canada.
Increasingly, newspaper articles highlight stories of immigrants who are reconsidering their decision to move to Canada. And a recent study released by the Institute for Canadian Citizenship found that the proportion of permanent residents who take up Canadian citizenship within 10 years of arrival dropped by a staggering 40 per cent between 2001 and 2021.

What does this mean for onward migration? Are more immigrants leaving Canada than previously? This issue briefing begins to fill the gap in knowledge by analyzing trends in onward migration among immigrants to Canada.

Explaining and measuring onward migration

Like all immigration decisions, onward migration decisions are complex. Studies of onward migration from Canada and the European Union suggest that the following factors shape onward migration:

• reception in Canada, like economic integration, sense of belonging, racism
• commitment variables, like homeownership
• individual and family preferences
• source-country characteristics
• immigration and economic opportunities in other countries

Many of these are beyond the control of Canadian policy-makers. But policy-makers can influence immigrants’ experiences in Canada. Collaboration across sectors and levels of government can foster welcoming communities and address immigrants’ support needs. Such measures can make Canada an appealing long-term home for immigrants.

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4 Alsharif, “State of Shock”; Makkar, “I Wanted to Make Canada My Home”; Noor, “Moving to Canada Was Harder Than I Thought”; Roberts, “About 1,000 Ukrainians Have Sought Refuge in N.L.”
5 Institute for Canadian Citizenship, “Newcomers Falling Out of Love With Canadian Citizenship.”

A measurement challenge

Estimating onward migration is a difficult task. Onward migration is not captured in any administrative data. For this reason, there are few studies measuring onward migration from Canada. But without studying onward migration, it becomes difficult to identify changing trends, let alone explain those changes or design policy interventions.

In this study, we use lack of fiscal activity (e.g., income) as a proxy for onward migration. Detailed information about the methodology can be found in Appendix A.

This study looks at both changes across cohorts and changes across time. A cohort is a group of immigrants who were granted permanent residence in the same year.

Level setting

On average, 0.9 per cent of people who were granted permanent residence in or after 1982 leave Canada each year. This may not appear to be significant, but the number of departures adds up over time. It can lead to attrition of 20 per cent or more of an arrival cohort over 25 years.

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Most onward migration happens in the early years

Onward migration rates change throughout the course of immigrants’ trajectories in Canada. Most onward migration occurs in the first 10 years after arrival, with the greatest risk of departure occurring between years four and seven.

Averaging across the 1982–2018 cohorts, onward migration in the first year sits just below the average annual rate. (See Chart 1.) Onward migration then rises quickly and peaks around year five, with an average of 1.33 per cent of the arrival cohort emigrating in that year. The onward migration rate then declines steadily, falling back below 0.9 per cent by year 11.

Investments in early positive experiences may help reduce overall levels of onward migration. Initiatives that foster a sense of belonging and attachment to Canada, together with policies that ensure immigrants and their families have opportunities for personal and career growth, could influence more immigrants to decide to stay in Canada.

Chart 1
Onward migration peaks five years after arrival, 1982–2018 cohorts
(weighted average, per cent)

Sources: The Conference Board of Canada; Longitudinal Immigration Database (custom tabulation).
Cumulative onward migration is on the rise

Average annual onward migration varies across cohorts, but the trend has been toward an increased onward migration rate. Among cohorts who arrived in Canada in the 1980s, onward migration peaked rapidly followed by a sharp decline. More recent cohorts have sustained elevated onward migration rates for a greater number of years. This has led to higher cumulative onward migration for recently arrived cohorts.

Modest decreases in medium-term retention

An average of 14.6 per cent of immigrants left Canada within 15 years of being granted permanent residence. The medium-term rate of cumulative onward migration has risen slightly.

Cohorts who arrived in the mid-1980s have the lowest cumulative onward migration rate in the medium term. (See Chart 2.) The cumulative onward migration rate increased among the late 1980’s cohorts and peaked for the 1994 cohort. In subsequent cohorts, cumulative onward migration dropped before rising again among the cohorts who arrived in the early 2000s. The average medium-term cumulative rate of onward migration for the 2000–04 cohorts is 3 per cent higher than the average cumulative rate of onward migration for all immigrants included in the study. Onward migration was 10 per cent higher in the 2004 cohort—the last cohort for whom we have 15 years of data—than it was for the 1982 cohort.

Sources: The Conference Board of Canada; Longitudinal Immigration Database (custom tabulation).
Long-term retention is declining

The decline in immigrant retention is even more apparent over the long term. The average cumulative onward migration rate was 18 per cent for cohorts who arrived in the 1980s. For cohorts granted permanent residence in the first half of the 1990s, long-term onward migration reached 21 per cent, representing a 16.6 per cent increase compared with earlier cohorts. (See Chart 3.)

The cohort granted permanent residence in 1994 has the highest cumulative onward migration rate of any cohort in our dataset. But even excluding the 1994 cohort, which may be an outlier, the trend toward an increased onward migration rate still holds.

Chart 3
Recent cohorts have higher long-term onward migration rate (cumulative onward migration 25 years after arrival, per cent)

Sources: The Conference Board of Canada; Longitudinal Immigration Database (custom tabulation).
Spike in onward migration in 2017 and 2019

Data from the most recent years demonstrate a sudden increase in the annual onward migration rate in 2017 and 2019, bringing onward migration to a 20-year high. (See Chart 4.)

Taken as an average across all cohorts, the onward migration rate increased 43 per cent between 2016 and 2017, from 0.8 per cent in 2016 to 1.15 per cent in 2017. Onward migration eased in 2018, although it remained high compared with other recent years. But in 2019, onward migration spiked again, reaching a further high of 1.18 per cent. The 2019 onward migration rate is 31 per cent higher than the historical average of 0.9 per cent.

The increases in onward migration in 2017 and 2019 affect nearly every entry included in the study. It is particularly dramatic when compared with expected onward migration for a particular cohort. (See charts 5, 6, 7, and 8). Expected annual onward migration is calculated based on the weighted average of the onward migration rate of the five preceding cohorts at the same number of years since receiving permanent residence.

Taking a sample of four cohorts across a decade, onward migration is elevated in both 2017 and 2019 for all four cohorts. The 2017 spike is particularly noticeable among the 2007 and 2010 cohorts, and the 2019 spike is pronounced among the 2007 and 2013 cohorts.8

A similar increase in the annual onward migration rate occurred previously, with a jump in 1994. That increase was soon followed by a return to average levels of onward migration.

We do not know if subsequent years will bring a return to the status quo, or if this recent spike in onward migration heralds a new era in which Canada struggles to retain immigrants. For this reason, the phenomenon merits attention by researchers and policy-makers alike.

8 Because fiscal inactivity is used as a proxy for onward migration, the 2019 figure could be influenced by withdrawal of economic activity during the COVID-19 pandemic. But this effect is likely limited. People who could not work due to COVID may have had fiscal activity in the early months of 2020 or received the Canada Emergency Response Benefit. These individuals would have fiscal activity and not be flagged as onward migrants.
Chart 5
Annual onward migration, 2007 cohort (per cent)

Sources: The Conference Board of Canada; Longitudinal Immigration Database (custom tabulation).

Chart 6
Annual onward migration, 2010 cohort (per cent)

Sources: The Conference Board of Canada; Longitudinal Immigration Database (custom tabulation).

Chart 7
Annual onward migration, 2013 cohort (per cent)

Sources: The Conference Board of Canada; Longitudinal Immigration Database (custom tabulation).

Chart 8
Annual onward migration, 2016 cohort (per cent)

Sources: The Conference Board of Canada; Longitudinal Immigration Database (custom tabulation).
A call to action on immigrant retention

Immigration levels are an important way to measure the performance of Canada’s immigration system. But ambitious immigration levels alone cannot meet Canada’s policy goals. Retention is ultimately what drives population and economic growth.

Are immigrants finding personal and professional success in Canada? Are immigrants choosing to stay in Canada? Policy-makers ignore surges in onward migration at their peril.
Recommendations

Continue to monitor the onward migration rate among immigrants. Without knowledge about fluctuations in the onward migration rate, policy-makers are ill-prepared to address them. Measuring and monitoring onward migration should be a priority for Immigration, Refugees and Citizenship Canada (IRCC). This should include monitoring onward migration by year, cumulative onward migration by arrival cohort, and changes to the onward migration trajectory. Policy-makers and researchers should further investigate variation in the retention rate by demographic factors, such as immigration pathway, country of origin, province of residence, age, and gender. If onward migration remains elevated by various measures, policy-makers and researchers must further investigate the drivers of onward migration. Without such data and analysis, the causes cannot be addressed.

Invest in settlement services and other programs that make immigration to Canada rewarding and enjoyable, with a focus on the first 10 years after arrival. Though the causes of onward migration need further study, the existing literature points to multiple factors that increase onward migration. Canada cannot affect attachment to or conditions in other countries, but policy-makers can influence the reception that immigrants receive in Canada. The data suggest that positive outcomes in the first 10 years may be the most important, since onward migration seems to drop considerably after that. Settlement services play a crucial role in helping newcomers overcome challenges associated with being an immigrant. At the same time, there are limits to what settlement services, as currently conceived, can achieve. Many small communities have limited access to IRCC-funded settlement services, with employment support being a particularly large gap. Many prospective immigrants are not eligible for settlement services. And a significant number of permanent residents do not make use of settlement services. Alternative programs by a wider range of stakeholders and with a broader mandate also have a role to play. The Canoo Access Pass makes life in Canada more enjoyable for immigrants, meeting needs that traditional settlement services are not designed to address. Further research can help stakeholders understand settlement service needs, as well as which initiatives beyond settlement services can ease the transition to living in Canada in the critical early years.

Support employers to recruit, hire, and retain immigrant workers. Employment opportunities influence immigrants’ settlement journeys and quality of life. Principal applicants in economic immigration have demonstrated their educational and professional backgrounds have demonstrated their educational and professional backgrounds as a condition of being admitted to Canada. But many still struggle to secure employment commensurate with their skills and experience. Immigrants admitted through family reunification and humanitarian channels may face even further barriers to commensurate employment, despite the many valuable skills they bring to Canada. Employers may need knowledge and resources to make full use of immigrant talent. All three levels of government can support employers in providing tools and training to improve practice in this area. A good skill match between immigrants and vacancies will benefit both immigrants and employers and may ultimately support immigrant retention.

Invest in infrastructure. As Canada seeks to increase the population, largely through immigration, all levels of government need to plan for increased infrastructure. Investments in health care, transit, education, and child care will ensure that communities can thrive with a growing population.

9 Dennler, “Making Rural Immigration Work.”


11 Toronto Region Immigrant Employment Council, Building a Corporate Ladder for All.
Appendix A

Methodology

This study uses data from the 2021 Longitudinal Immigration Database (IMDB), which links immigration data with tax data. The study includes people who meet all of the following criteria:

- granted permanent residence between 1982 and 2018
- were age 18 or over when they were granted permanent residence
- filed taxes in Canada at least once since landing

The study uses fiscal non-activity as a proxy for onward migration. For this study, a person is counted as an onward migrant if they do not have a T1 Family File (T1FF) for two consecutive years and never filed a T1FF again by 2020, which is the last tax year in the dataset. The person is recorded as an onward migrant in the first year with no T1FF. If there is an administrative record from Canada that the person has died, that person is not counted as an onward migrant.

The dataset was not designed with the explicit goal of measuring onward migration, and therefore the data and analysis have a few limitations related to three issues: non-filers, eventual re-entry in Canada, and imperfections in data linkage. Measuring emigration through fiscal inactivity will capture some people who are in Canada but who stopped earning the types of income reported in the T1FF. Immigrants who have citizenship have the right to re-enter Canada, even years after they have left. This can lead to some overcounting of onward migrants. Fiscal inactivity as a proxy for onward migration is likely most accurate for people who left many years ago. Finally, the linkage between immigration records and tax data is very strong, but not flawless. Data linkage issues could slightly over estimate onward migration, especially in earlier years of the tax records.

The data only show who has ceased fiscal activity, but they do not provide insight into whether people return to their country of citizenship or go to another country.

Appendix B

Bibliography


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Where insights meet impact