



## **SOCIOECONOMIC AND DEMOGRAPHIC PROFILES OF IMMIGRANTS IN PRINCE EDWARD ISLAND**

by

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## EXECUTIVE SUMMARY

This report for Prince Edward Island (PEI) is one of five complementary documents resulting from a research project that analyzed socioeconomic and demographic profiles of immigrants in Atlantic Canada and its four provinces. The structure of this report parallels the reports for Nova Scotia, Newfoundland and Labrador, and New Brunswick. The main objectives of the report were to (a) collect and tabulate data on various aspects of immigration to Prince Edward Island, (b) analyze those data to highlight the socioeconomic, demographic and geographic dimensions of immigration to the province, (c) identify gaps in knowledge necessary to implement immigration attraction, integration and retention strategies in Prince Edward Island, and (d) write a report bringing together all of these elements.

Following previous literature, the term “immigrant” in this study is used to refer to all foreign-born individuals who are permanent residents of Canada. The primary data sources for this study were Citizenship and Immigration Canada (CIC) and Statistics Canada. Much of the required data are not available in the public domain so had to be acquired through specific data sharing agreements with Statistics Canada and CIC or the Internet Data Library System (IDLS) or by outright purchase from Statistics Canada. An adjustment in the original contract was warranted because some of the required data were not available. The period of analysis of this study is 1981-2005.

The CIC data are based on the landing documents of immigrants and are for immigrant inflows, which were available mostly for 1981-2005 at the time of writing, although some were available until 2006. The Statistics Canada data are drawn from the five population censuses conducted during the period, the latest of which was conducted in 2001. These data provide information on the resident immigrant population and also on non-immigrants. Thus, whenever a comparison of immigrant inflows with resident immigrants and non-immigrants was required, the period of analysis ended in 2001.

### **General immigration trends**

PEI’s share of the immigrant population falls well below its share of the national population. Immigrants account only for about 3 percent of PEI’s total population, whereas they account for about 18 percent of Canada’s national population. Until recently, PEI has typically attracted less than one-tenth of a percentage point of annual immigrant inflows to Canada. The province’s share of annual immigrant inflows has increased slightly since 2003 and reached a high of 0.42 percent in 2006.

Current and projected demographic trends in the province indicate that, as is the case with many other Canadian provinces, positive population growth can only be sustained through immigration. PEI’s population growth would have further slowed down without immigration during the 1990s. Immigrants have been a relatively small but important source of growth in the labour force. Their contribution to labour force growth

has approximately doubled from 3 percent in the 1981-91 period to over 6 percent in the 1996-2001 period. However, in the 1996-2001 period, immigrant inflows represented about 7 percent of the growth in the non-immigrant labour force.

A majority of recent immigrants to PEI have been in the family class despite the federal government's increasing focus on skills-based immigration. About 57 percent of recent immigrants to PEI have been in the family class, 24 percent in the refugee class, and 19 percent in the skilled class. Business class immigrant inflows have been very small.

### **Countries of origin and settlement patterns**

The United States and the United Kingdom remained on the list of top five source countries of immigrants throughout the period except for 1991-95, when the UK was not among the top five for principal applicants and dependents, and in 2002, when the UK was not among the top five for principal applicants. Also, the combined share of US and UK immigrants decreased as the sources of immigrants diversified and increased over time. Most recently, Asian countries such as China, Korea and Taiwan together have accounted for more than the combined share of US and UK immigrants.

About 70 percent of immigrants living in PEI live in Queens County, where more than 50 percent of the PEI population also lives.

### **Demographic profile**

The age profile of immigrants to PEI is tilted toward the lower age groups. More than 55 percent of principal applicants arriving in recent years were between 25 and 44 years of age and about 7 percent were aged 15-24. Another 24 percent were between 45 and 64 in 2005. However, in all years, the number of new immigrants aged 65 or more was very low.

### **Reliance on government transfer payments and services**

Government transfers as a percentage of total income for recent immigrants has been much lower than for non-immigrants and all immigrants, except in 1996. In 2001, recent immigrants received only 3 percent of their income in the form of government transfers, while non-immigrants and all immigrants received about 19 percent and 20 percent, respectively. These numbers are not surprising as recent immigrants are relatively younger at the time of arrival and do not receive such age-related transfers as the Canada Pension Plan and Old Age Security payments and also do not become eligible for other transfers, such as employment insurance, for some time after entry.



## **Labour market outcomes and skills**

In terms of labour market outcomes, compared to non-immigrants, immigrants in PEI have attained higher education levels, earn higher employment income, and have lower unemployment rates. Recent immigrants are even more highly educated, with 29 percent of recent immigrants having one degree or more in 2001 compared to 13 percent of non-immigrants. The proportion of recent immigrants with a degree has also increased steadily over time, reflecting the increasing focus on skills evident in federal government immigration policy. Recent immigrants have lower labour force participation rates than is the case for non-immigrants, and they also have higher unemployment rates.

Since the late 1980s, the numbers of low- and medium-skilled immigrants have displayed a downward trend. In the very recent past, these trends continued while the number of highly skilled immigrants steadily increased. Following a marked decrease in 2002, the number of skilled immigrants intending to settle in PEI increased beginning in 2003. In 2001, highly-skilled immigrants accounted for 52 percent of all skilled worker immigrants while low-skilled immigrants accounted for 10 percent. The proportion of highly-skilled immigrants increased to 72 percent while the share of low-skilled immigrants decreased to 8 percent in 2005. The proportion of medium-skilled immigrants declined from 39 percent to 20 percent between 2001 and 2005. Again, this is due at least in part to the strong skill bias inherent in the Canadian immigration points-based system.

One issue of some concern is that the labour market outcomes of recent arrivals (those who arrived within five years of a census year) have not improved. A possible cause, as indicated by some researchers, is the non-recognition of immigrants' educational credentials and experience as more immigrants now come from non-traditional source countries.

### **Highly skilled immigrants**

Throughout the period 1981-2005, highly skilled immigrants (managers and professionals) have comprised a significant and increasing proportion of immigrants destined for the labour force in PEI. About 55 percent of highly skilled immigrants in PEI in 2001 are professionals, 32 percent are middle and other managers, and 13 percent are senior managers. Immigrant professionals and managers are overwhelmingly engaged in the service sector. The service sector accounts for 67 percent of immigrant senior managers, 58 percent of immigrant middle managers and 100 percent of immigrant professionals. About 43 percent of immigrant middle and other managers are employed in wholesale/retail trade and in accommodation and food services. Another 14 percent of immigrants employed as middle or other managers are in public administration. The proportion of professionals in PEI who are immigrants is relatively small (5 percent in 2001) and has declined over time. For immigrants employed as professionals, the two most important industries of employment are education (50 percent) and health care/social assistance (25 percent), therefore accounting together for about 75 percent of the total number of immigrant professionals. Overall, immigrants constitute a small but significant proportion of total professionals in PEI. However, over

the 1991-2001 period, the number of non-immigrants employed as professionals increased at a faster rate than the number of immigrants employed as professionals. Nevertheless, despite their slower growth rates, immigrant professionals continued to constitute a relatively small but important proportion during 1981-2005.

### **Business immigration**

Business immigration is a potentially potent source of economic growth as it brings entrepreneurship, capital, innovation and expertise into the provincial economy. Immigrant business people are most active in agriculture (25 percent), followed by the categories of 'other services', manufacturing, educational services, and health and social services (each about 12 percent). The United States and Netherlands have been the top source countries, with each accounting for about 31 percent of PEI's business immigrants. They are followed by the UK, which accounts for about 19 percent of PEI's business immigrants.

The main county of residence for both male and female business persons is Queens County but with a significant gender disparity (325 immigrant businessmen to 195 immigrant businesswomen). Both sexes are much more likely to have unincorporated businesses than incorporated.

### **Retention of immigrants**

Overall, if PEI intends to retain immigrants, its policy must boost immigration in a way that not only counters adverse demographic trends over the long term but also manages the composition of skills to match the evolving needs of the province. The Provincial Nominee Program (PNP) is a step in that direction. However, increasing immigration without adequately retaining immigrants will only ensure that the gains from immigration do not last. Our findings indicate that the retention rate of recent immigrant arrivals in PEI decreased from 59 percent to 51 percent from the early 1980s to the early 1990s. In the census period (1996-2001), the retention rate of new immigrants increased again to 60 percent. PEI's retention rate is higher than that of Newfoundland and Labrador, Nova Scotia and the Atlantic Region as a whole but lower than the retention rate of New Brunswick. However, to increase the retention rate, policies that facilitate the economic and social integration of immigrants in PEI will be critical. Such policies should focus on the quality of settlement services and on expediting the process of foreign credential recognition, among other things.

### **International Students**

International students enrolled in Canadian educational institutions are an increasingly important source of both revenue and human capital for the government and the economy. The top source countries for foreign students studying in PEI are the US, China, Japan, Korea, Nigeria, Germany and Australia. At present, PEI also receives students in smaller numbers from a large number of different countries. The data also reveal that the university-level international students account for the majority of all international students.

## **Some research gaps on immigration trends in PEI and suggestions for future research**

The information presented in this report needs to be enhanced through surveys and additional research to inform policymakers about the economic impacts of immigrants and how best to attract immigrants and retain them. All of this information will be helpful in formulating immigrant retention policies by the province. Research is needed to gain knowledge in the following key areas:

- Who out-migrates from PEI and why.
- What factors specific to PEI motivate immigrants, whether skilled workers, business immigrants, refugees or family class immigrants, to leave or to stay.
- The extent to which the human capital is being lost by failing to retain immigrants.
- The extent to which the human capital of skilled immigrants from non-traditional sources is being lost through underemployment if they are pushed into low-skill, low-wage employment because their foreign-earned credentials are not recognized.
- Whether immigrants out-migrate at rates different from the native born.
- What specific factors deter business immigration to PEI or how enterprises set up by immigrants perform and what difficulties they face.

In addition to the above, systematic research is also needed to explore what mix of skills should be encouraged to meet current shortages and projected labour market needs of the province. Research on the effects of immigrants on the earnings and employment of non-immigrants, as well as their effects on the public treasury, can also provide useful information to understand their role in the economic development of PEI

The data that will help fill the above research gaps are either lacking or are difficult to access. Additional information will have to come from surveys, which can provide the input for both quantitative and qualitative analyses of these issues so that effective policies can be formulated.

## I. INTRODUCTION

According to the preliminary estimates based on the 2006 census, the Canadian population grew by about 5.4 percent over the period 2001-06, the highest growth among G-8 countries. However, since the natural growth of the Canadian population has been on a continuous decline in the post World War II period, most population growth (about two-thirds) during 2001-06 resulted from international immigration. Population growth was also uneven across Canadian provinces. Only Alberta, British Columbia, and Ontario had population growth rates that exceeded the national rate. Growth in each Atlantic province was less than 1 percent, with Newfoundland and Labrador having a decline in population of 1.5 percent on top of the 7 percent decline during the 1996-2001 period.

Projections show that the natural component of population growth is on the verge of turning negative in Atlantic Canada. In PEI, a continuous decline in the birth rate, along with an almost stable death rate in the post World War II period, has resulted in a decline in the natural growth rate of population from about 20 per thousand in late 1940s to about one per thousand in the 2000s. In fact, last year's (2005-06) estimates provided by the Demography Division of Statistics Canada show that the natural growth rate of population was one per thousand in PEI which, when combined with net out-migration from the province, resulted in a marginal growth of the provincial population. In fact, net out-migration of population from the province has characterized the post World War II period.

If present trends of natural population growth and of out-migration continue, PEI, like the rest of Canada, will also have to rely heavily on immigration for a positive growth in its population. This does not bode well for this province, given that the bulk of immigration flows to Canada gravitate towards the major population centres in Ontario, Quebec and British Columbia. As a result, these provinces have become "immigrant-abundant" in the sense that they account for a much larger share of Canada's immigrant population than they do of the national population. On the other hand, the relatively small immigrant flows into PEI have made it relatively "immigrant-scarce" in that its share of the immigrant population is significantly lower than the national share

An important implication of the trends in natural growth and net migration is that provinces such as PEI could soon experience a decline in population. This has, no doubt, raised concerns about the adverse economic impacts on the province, which would exacerbate regional imbalances in the standard of living. Negative population growth in PEI would slow the rate of growth of human capital formation, as well as of physical capital formation, both of which would impact adversely on the well-being of the resident population. Shortages in the availability of skilled workers, a decline in innovators, and shrinking markets of goods and services are all serious consequences of negative population growth. Such demographic projections raise the question of what role immigration and immigration policy can play in Canada's long-term economic development in general and that of less well-off provinces such as PEI in particular. It is not surprising, therefore, that the PEI government has recognized the need to boost immigration to the province in the form of skilled workers and entrepreneurs. In this regard, important issues arise from the perspectives of attracting, integrating, and

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retaining new immigrants to the province and also of their impacts on labour markets, economic growth, and public finances. Unfortunately, research-based knowledge on the economic role of immigrants in PEI, which is essential for policy formation and implementation, is lacking.

This project is an effort towards building a broader and deeper stock of knowledge relating to the many economic issues that immigration to Atlantic Canada raises. Our focus in this report is to outline the economic dimensions of immigration to PEI in promoting economic growth and development in the region. The report is organized as follows. Section II defines the objectives underlying the project, while Section III outlines the methodology used. Section IV presents a statistical outline of the economic, demographic and geographic characteristics of immigration to PEI since 1981. Sections V and VI review in greater detail the nature of economic immigration to PEI, and Section VII analyzes the trends in PEI's international student population. Section VIII presents our conclusions and outlines some implications for future research.

## **II. OBJECTIVES OF THIS STUDY**

The primary objectives of this study include

- the collection and tabulation of data on immigration to PEI for the period 1981-2005, with a focus on economic immigration
- a descriptive analysis of the data to highlight the socioeconomic, demographic and geographic dimensions of immigration to PEI
- the identification of some gaps in research that can provide necessary information to implement immigrant attraction, integration and retention strategies in PEI
- a written report bringing all these elements together.

To meet the above objectives, the study analyzed the relevance, implications and effectiveness of immigration as a potential economic development avenue to address demographic and socioeconomic challenges faced by Atlantic Canada in general and PEI in particular. The project is expected to deepen our understanding of the challenges faced by immigration and economic policymakers in PEI.

## **III. METHODOLOGY**

Following previous literature, the term “immigrant” is used in this study to refer to all foreign-born individuals who are permanent residents of Canada. To meet the objectives of the study, we tried to ensure that the approaches used for data collection and their analyses were reliable and easy to replicate. The primary data sources for this study were

- Citizenship and Immigration Canada (CIC)
- Statistics Canada

Some data used in this study were obtained from the web sites of the above government sources. However, much of the required data were not available in the public domain and had to be acquired through different channels. Some data were made available to the authors under the specific data sharing agreements of the Metropolis project team with Statistics Canada and CIC. Some Statistics Canada data were accessed through the Internet Data Library System (IDLS). Being a member of the Canadian Association of Research Libraries Data Consortium (CARLDC), the Patrick Power Library at Saint Mary's University shares this access with the University of Western Ontario under the Data Liberation Initiative (DLI). Some data were also purchased from Statistics Canada through a customized request, while some were provided by them as a courtesy, for which we are grateful.

The analysis we conducted was based primarily on descriptive tools. A distinction was made between immigrants destined for PEI and those who actually stayed in the province. Among those who stayed, separate data were also analyzed for more recent immigrants, i.e., those who arrived within five years before a population census, when possible. Some parts of the analysis also use data on the non-immigrant population to facilitate comparisons with immigrants.

The period of analysis of this study was 1981-2005. The CIC data are based on the landing documents of immigrants and are for immigrant inflows. These are available for the entire period of analysis, and some are available until 2006. The Statistics Canada data are drawn from the five population censuses conducted during the period, the latest of which was conducted in 2001. The census data provide information on the resident immigrant and non-immigrant populations. Thus, whenever a comparison of immigrant inflows with resident immigrants and non-immigrants was required, the period of analysis ended in 2001.

#### **IV. AN OVERVIEW OF IMMIGRATION TO PRINCE EDWARD ISLAND**

This section analyzes annual immigration trends in PEI over the period 1981-2005. These trends are based on micro data obtained from the Permanent Resident Data System (PRDS) provided by CIC. Statistical profiles of immigrants resident in the province are also analyzed at five-year intervals along a range of socioeconomic, demographic and geographic variables. These profiles are based on the Public Use Microdata Files (PUMF) obtained from the 1981, 1986, 1991, 1996 and 2001 Canadian population censuses conducted by Statistics Canada. These micro data were accessed through IDLS and CARLDC using the 2 percent individual sample. The microdata files include a weight variable to allow estimates of the population. However, for confidentiality reasons, Statistics Canada suppresses any variable frequency that falls below 25. Following the definition of immigrants found in immigration literature, foreign-born individuals are viewed as immigrants and Canadian-born as non-immigrants.

Immigration matters fall under federal jurisdiction although provinces can (and do) enter into intergovernmental agreements to tailor immigration to suit perceived provincial needs. However, the broad contours that define who gets in are largely set by the



federal government. Under federal regulations, immigrants permitted to enter and stay in Canada can do so as refugees, family immigrants, or economic immigrants. In addition, individuals can also enter as provincial nominees according to criteria agreed on through provincial-federal agreements.

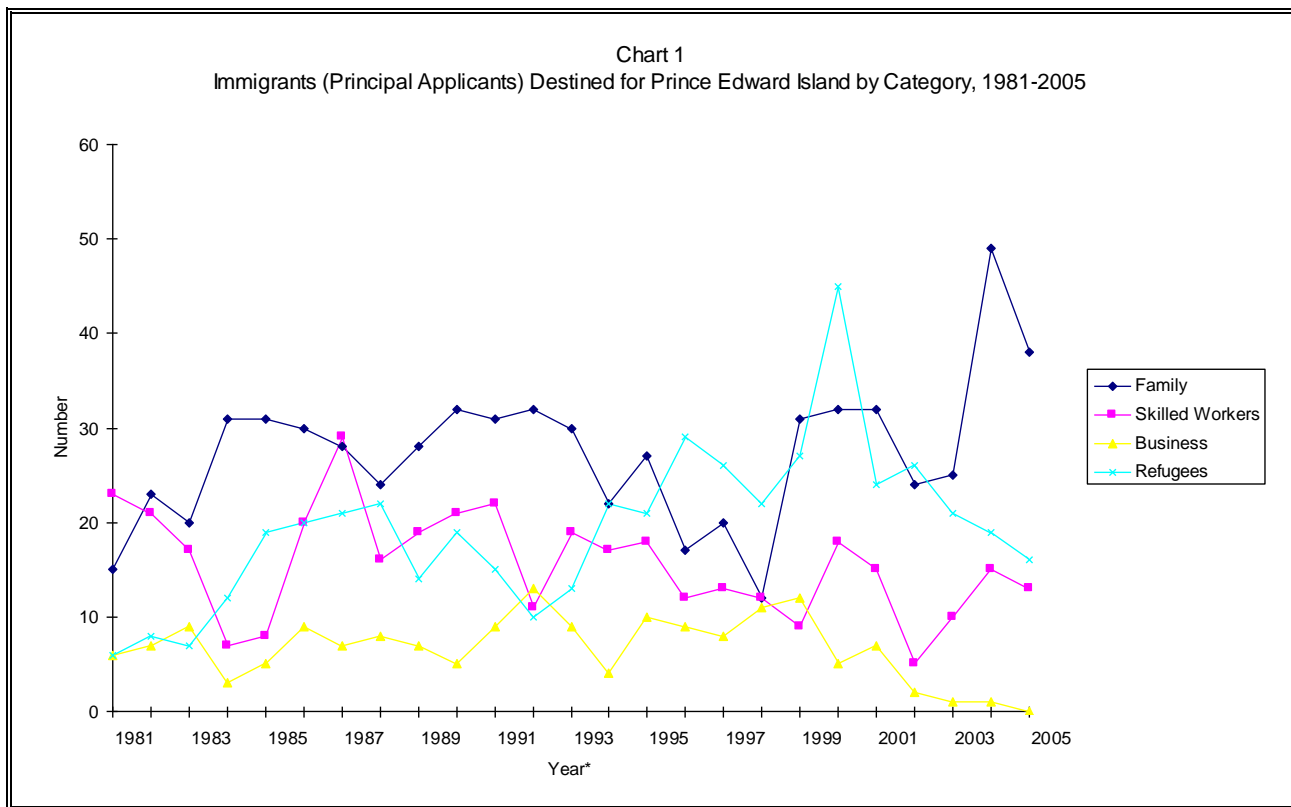
#### IV. 1 The Composition of Immigrants

##### Summary Points

- Family class immigrants comprise the largest category of immigrants destined for PEI, accounting for almost 57 percent of the total inflow in 2005, followed by refugees (about 24 percent) and skilled immigrants (19 percent).
- The number and proportion of skilled immigrants decreased from 1981 to 2005. On average, the annual share of skilled immigrants decreased from 28 percent in the 1981-85 period to 17 percent in the 2001-05 period.
- Business immigration makes up very little of the immigrant inflows to PEI. On average, the annual share of business immigrants was only about 3 percent of total principal applicants during the 2001-2005 period. This number was about 10 percent for the 1980s and 13 percent for the 1990s

**Refugee class** immigration reflects Canada's commitment to humanitarian principles, while the **family class** category is intended to foster family re-unification – that is, facilitating individuals to enter Canada if they have close relatives who are already permanent residents/citizens. **Economic immigrants**, on the other hand, are chosen because they are expected to make a direct positive economic contribution to Canada through the skills, expertise, entrepreneurship, or capital they bring with them. The economic class category itself comprises two major sub-categories: skilled workers and business immigrants. In this study, the primary (but by no means exclusive) focus is on economic immigrants.

Table A1 (Appendix) provides annual immigration inflows (of principal applicants) by class of immigrant destined for PEI over the 1981-2005 period. The trends in annual immigration inflows (of principal applicants) by class of immigrants destined for PEI are displayed in Chart 1. The number of immigrants (principal applicants) entering the province annually more than doubled between 1981 and 2005 as their number increased from 15 to 38. Immigrants entering in the family class of migration to Canada made up the largest category of immigrant flows to PEI over the 1981-2005 period. The share of family class immigrants increased from 30 percent in 1981 to 57 percent in 2005. In the very recent past, the proportion of immigrants in the family class displays an upward trend. In general, annual inflows of family class immigrants were greater than those of skilled immigrants in number and proportion during the period from 1981-2005. In 2004 and 2005, family class immigration reached the highest level, constituting almost 58 percent and 57 percent of total immigrants, respectively.



Source: Permanent Resident Data System (PRDS - microdata), CIC.  
 Variables used: "province", "lev\_a", "f\_stat".  
 \* Represents 1981-2006

Though somewhat volatile, the overall trend in the number of immigrants entering PEI in the skilled class trended downward during the period 1981-2005, a pattern that should be of some concern to policymakers. However, the number of skilled immigrants has increased since 2003. By 2005, only 19 percent of PEI’s immigrant inflow was in the skilled class.

Also of concern is that although the number of immigrants entering on business visas has been consistently low over the entire sample period, it is again the most recent time period in which business immigrant inflows have shown the greatest decline, with only two new arrivals on business visas over the latest period 2003-05.

The number of immigrants in the refugee class showed a clear upward trend until 2000 but a downward trend since then. The number of refugee-immigrants increased to its highest at 45 in 2000 and declined to 16 in 2005. This class still accounted for about 24 percent of total immigrant inflows.

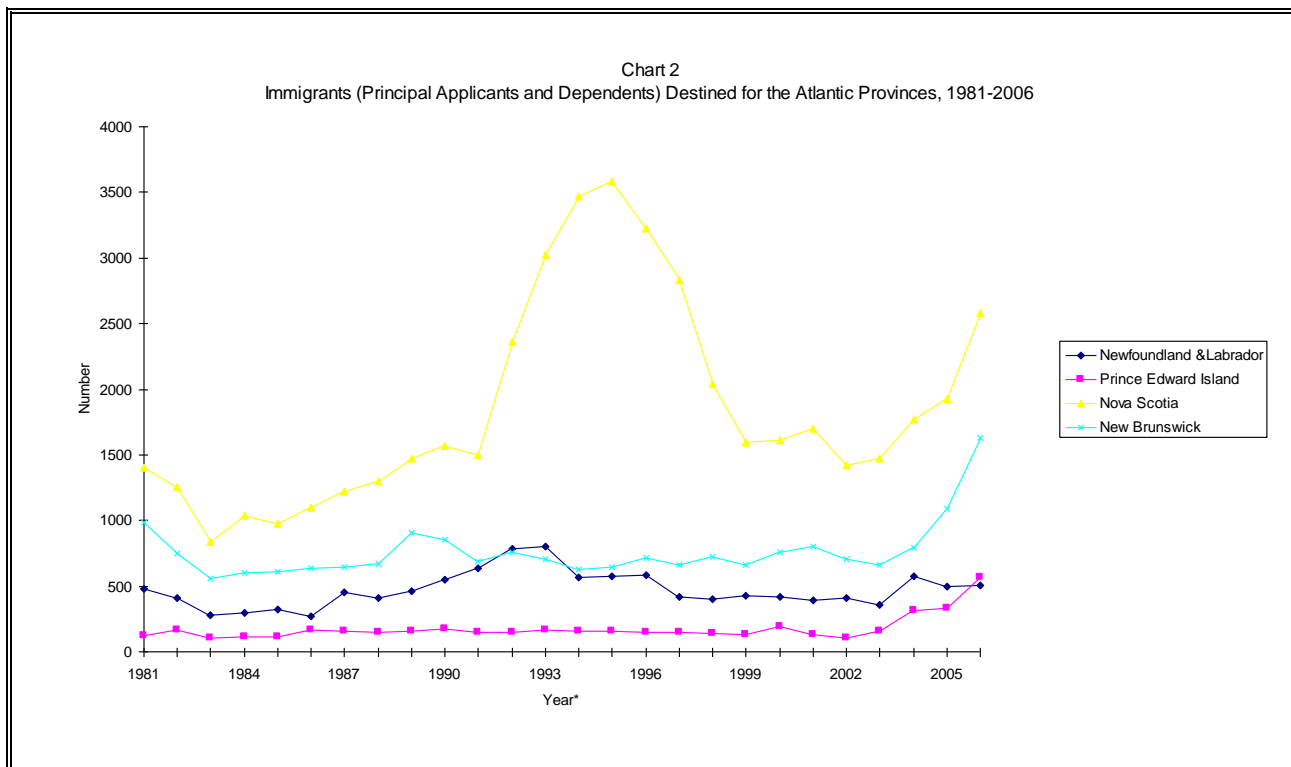


## IV.2 Broad Demographic Trends

### Summary Points

- During the period 1981-2005, Prince Edward Island's share of annual immigration into Canada was less than one-tenth of one percentage point except in 1983, 1986, 2004 and 2005, in which the share was equal to or slightly over that percentage. Recently the province's share increased slightly, reaching 0.12 percent in 2004, 0.11 percent in 2005 and a high of 0.42 in 2006.
- The proportion of PEI's immigrant population fell steadily from 3.7 percent in 1981 to 3.1 percent in 2001
- New immigrants accounted for about 10.44 percent of the population growth in the province during 1981-1986. In 1991- 1996, the contribution of immigrants decreased to 9.04 percent of population growth. However, during the period 1996-2001, the contribution increased significantly to 91.51 percent. Immigrants' contribution to population growth relative to that of non-immigrants has also increased over the three periods: 11.7 percent in 1981-86; 9.9 percent in 1991-96, and 1077.8 percent in 1996-2001.
- For the period 1981-2001, the age profiles of PEI's non-immigrant population and of newcomers to the province indicate that at time of their arrival, immigrants were younger than the resident non-immigrant population, and this age difference has widened over time.
- That immigrants are younger than the resident population at the time of arrival suggests that for a long time after their arrival, immigrants are not likely to be heavy users of such age-related components of Canada's social security system as Canada Pension, Old Age Security benefits, and health care.

Chart 2 shows annual inflows of principal applicants and dependents into each of the Atlantic Provinces. In contrast to the other three Atlantic provinces, the inflow of new immigrants to PEI was relatively steady over the period 1981-2003, averaging a little over 146 principal applicants and family members per year. More recently, new arrivals increased to 310 in 2004, 330 in 2005 and 565 in 2006, averaging slightly over 401 annually over those three years. It remains to be seen whether this increase over the historical trend will only be temporary.



Source: Permanent Resident Data System (PRDS, microdata, CIC).  
\* Represents 1981-2006

In terms of total immigration flows into Canada, Prince Edward Island gets a very small percentage of arrivals. During the period 1981-2005, Prince Edward Island's share of annual immigration into Canada was less than one tenth of a percentage point except in the years of 1983, 1986, 2004 and 2005 in which the share was equal to or slightly over one tenth of a percentage point. This share has not significantly changed over time. On average, the annual share has fallen from 0.088 percent in the 1981-1985 period to 0.077 percent in the 2001-2006 period. Recently, the province's share increased slightly and reached the highest of 0.42 percent in 2006. The share was 0.12 percent and 0.11 percent in 2004 and 2005 respectively. However, the PEI's immigrant inflow as a proportion of current provincial population is very small relative to other provinces outside of Atlantic Canada – particularly Ontario, Quebec, Alberta and British Columbia. This pattern, if allowed to continue, will exacerbate the emerging regional population imbalances in the country alluded to in the introduction.

Table 1 shows that immigration has become the most important component of population growth in PEI in recent years. During the 1981-1986 period, about 10.44 percent of the population growth of was due to the arrival of new immigrants. In 1991-1996, only 9.04 percent of population growth was due to immigration, as the growth rate of new immigrants to the province was smaller than the growth rate of non-new immigrants. In the 1996-2001 period, immigration accounted for 91.51 percent of total population growth for the province, becoming the most important component of population growth on the Island by far. As a result, the contribution by immigrants to population growth relative to that of non immigrants has also increased over the three periods: 11.7 percent in 1981-1986; 9.9 percent in 1991-1996, and 1077.8 percent in 1996-2001.

The growth of new immigrants, however, could not completely reverse the decline in population growth during 1996-2001. As a consequence, the population growth rate fell from 3.71 percent to 0.4 percent between the two periods of 1991-96 and 1996-2001.

Period	1981-1986	1986-1991	1991-1996	1996-2001
End of period population	125050	128100	132855	133385
Population change (1)	3830	3050	4755	530
Change without immigration (2)	3430	2485	4325	45
Recent immigrants (3) <sup>1</sup>	400	565	430	485
Percentage Contribution of Immigration to Population Growth [(3/2)x100]*	11.7	22.7	9.9	1077.8
Percentage Contribution of Immigration to Population Growth [(3/1)x100]	10.4	18.5	9.0	91.5

Sources and notes:

- 1) For end of year population, Statistics Canada Catalogue number 97F0009XCB2001001.
- 2) For recent immigrant data
  - a) in 2001 census: Statistics Canada Catalogue number 97F0009XCB-2001004,
  - b) in 1996 census: Statistics Canada Catalogue number 93F0023XDB96003,
  - c) in 1991 census: We thank Statistics Canada for providing us these data from their archive,
  - d) in 1986 census: Census 1986 PUMF-microdata, individual file, variable used: Year of immigration and immigrant status indicator.
- 3) Recent immigrants include those who arrived within five years prior to the census date.
- 4) PUMF data are not adjusted for undercoverage. Statistics Canada advises that trends exhibited in adjusted and unadjusted data are identical.

Note that Table 1 only shows the contribution of recent immigrants to population growth. Immigrants also contribute to population growth through reproduction and/or through migration from other provinces of Canada. The proportion of immigrants in PEI's provincial population has been greater than that in Newfoundland and Labrador and slightly less than that in the total population of the rest of the Atlantic provinces and the Atlantic region as a whole. While the region's proportion decreased from 3.8 percent in 1981 to 3.4 percent in 2001, PEI's proportion decreased steadily from 3.7 percent in 1981 to 3.1 percent in 2001. Consideration of these factors is beyond the scope of this report. However, it is evident from the above numbers that if population growth due to natural factors and net interprovincial migration of non-immigrants remains negative, expansion of immigration will very likely be an important demographic policy tool in counteracting that effect.

Age group	Immigrants arriving 1981-1985	Non-immigrants in 1986	Immigrants arriving 1986-1990	Non-immigrants in 1991	Immigrants arriving 1991-1995	Non-immigrants in 1996	Immigrants arriving 1996-2000	Non-immigrants in 2001	Immigrants arriving 2001-2005	Total population in 2006
15-24	22.09	23.87	16.63	20.82	12.61	18.49	14.91	18.57	8.03	17.49
25-44	39.40	38.53	54.63	39.04	59.38	39.77	63.96	35.21	62.91	32.18
45-64	20.90	22.28	14.25	22.16	20.17	27.28	17.62	30.94	26.03	33.05
65+	17.61	15.31	14.49	17.98	7.84	14.46	3.52	15.28	3.04	17.28
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Sources and notes: 1) Immigrant data are from Permanent Resident Data System (PRDS - microdata), as provided to AMC under contract by CIC. Principal applicant is based on variable "f\_stat2" and immigrant's age is based on variable "fage".

2) Non-immigrant data are based on Canadian population censuses (PUMF, 1986-2001, individual files), Statistics Canada. For the period 1991-2001, the non-immigrant data are based on the variable "immigrant status indicator", while for 1986, these are based on the variable "year of immigration" because the "immigrant status indicator" was not provided with 1986 Census. Hence, 1986 data also include non-permanent residents. For 2005, non-immigrant data are not available, so total population data are used for that year as they emulate non-immigrant data.

\*We thank the demography division of Statistics Canada for providing these data in Excel format.

The demographic implications of population growth due to natural increase or new immigration can be very different. Much depends on the age profile (and fertility) of immigrants. Table 2 compares the age distributions of immigrant and non-immigrant residents of PEI. The aging of the PEI population is evident in the figures, particularly in terms of the declining proportion of the population in the 15-24 year old age group. While immigrants to PEI are consistently younger on average than other residents, the gap in the age distributions between immigrants and non-immigrants has widened over the period: the proportion of new immigrants in the 25-44 year old age group increased from 39 percent in 1981-85 to 70 percent in 2001-05, while the proportion of new immigrants in the 65+ category fell from 18 percent in 1981-85 to 3 percent in 2001-05.

These facts support the important implication of the economic theory of human capital investment that younger people are more likely to migrate than older people because they have a longer time available in their lives to reap the benefits of their investment in migration. These facts also suggest that recent immigrants typically will not be heavy users of such age-related components of Canada's social security system as Canada Pension Plan, Old Age Security benefits, and health care since more than 70 percent of immigrants arriving in 2001-05 were less than 45 years of age on arrival.

### IV.3 Where Immigrants Come From

#### Summary Points

- The United States and the United Kingdom remained on the list of top five source countries throughout the period except for 1991-95, when the UK was not among the top five for principal applicants and dependents, and in 2002, when it was not among the top five for principal applicants.
- The combined share of immigrants from the US and UK decreased as the sources of immigrants diversified and increased.
- Most recently, Asian countries such as China, Korea and Taiwan together have accounted for more than the combined share of immigrants from the US and UK.

Table 3 shows the top five source countries for immigrants to Prince Edward Island in terms of principal applicants and principal applicants and dependents. The proportion of immigrants accounted for by the top five countries varied between 42 percent and 71 percent for principal applicants and between 41 percent and 68 percent for principal applicants and dependents. The US and the UK remained on the list of top five source countries throughout the period except for 1991-95 when the UK was not among the top five for principal applicants and dependents, and in 2002, when the UK was not among the top five for principal applicants. The share of immigrants from US declined from 44 percent in 1981-85 to 18 percent in 2005 for principal applicants and from 36 percent in 1981-85 to 12 percent in 2005 for principal applicants and dependents. Between the same two time periods, the share of UK immigrants decreased from 10 percent to 8 percent for principal applicants and from 11 percent to 10 percent for principal applicants and dependents.

The combined share of US and UK immigrants decreased as the sources of immigrants diversified and increased over time. Since the early 1990s, the mix of top five source countries has shifted from the US, UK and other European countries towards Asian countries, although the US and UK remained in the top five source countries throughout the period. Other studies have shown that this shift started in the 1970s in terms of Canadian national immigrant inflows. Most recently, Asian countries such as China, Korea and Taiwan together have accounted for more than the combined share of US and UK immigrants. For example, in 2005, the share of immigrants from China, Korea and Taiwan was about 41 percent compared to the combined share of US and UK immigrants, which was about 21 percent.

The number and proportion of immigrants to Canada who settle in PEI are similarly very small. The general patterns are comparable whether principal applicants are considered alone or with their dependents

Table 3: Top Five Source Countries of Immigrants (Principal Applicants) Destined for Prince Edward Island, by Year, 1981-2005																
	1981-1985		1986-1990		1991-1995		1996-2001		2002		2003		2004		2005	
	Country	Count	Country	Count	Country	Count	Country	Count	Country	Count	Country	Count	Country	Count	Country	Count
<b>Principal Applicants</b>																
Rank																
1	US	148	US	151	US	90	US	67	Sudan	11	US	13	US	17	US	24
2	UK	35	UK	31	Bosnia-Hercegovina	30	Bosnia-Hercegovina	38	US	10	UK	8	China	17	Korea	21
3	Netherlands	23	Poland	28	Hong Kong	26	China	31	Egypt	5	Colombia	8	UK	15	China	16
4	Iran	18	Netherlands	25	China	22	UK	28	Japan	4	China	6	Korea	11	UK	11
5	Vietnam	16	Vietnam	19	UK	17	Yugoslavia	28	Guinea	4	Philippines	4	Japan	8	Taiwan	8
Total, 5 countries		240		254		185		192		34		39		68		80
Province total		339		428		369		456		63		80		131		132
<b>Principal Applicants and Dependents</b>																
Rank																
1	US	221	US	255	US	157	Bosnia-Hercegovina	107	Sudan	18	US	21	Korea	38	Korea	69
2	UK	66	UK	67	Bosnia-Hercegovina	81	US	92	US	14	Colombia	17	UK	36	US	40
3	Netherlands	64	Poland	66	Hong Kong	71	Yugoslavia	69	Bosnia-Hercegovina	10	UK	13	China	32	China	39
4	Vietnam	38	Netherlands	58	El Salvador	45	China	47	Iran	8	China	10	US	27	UK	32
5	Iran	34	Vietnam	45	Iraq	45	UK	47	UK	6	Afghanistan	7	Afghanistan	25	Taiwan	28
Total, 5 countries		423		491		399		362		56		68		158		208
Province total		618		814		786		888		107		153		310		325

Source: Permanent Resident Data System (PRDS, CIC)

#### IV.4 Where Immigrants Go

##### Summary Points

- About 70 percent of immigrants in PEI live in Queens County, where more than 50 percent of PEI's population also lives.
- More than 80 percent of the immigrants destined for PEI during the 1990s indicated Queens County as their intended destination. In 2005, this percentage increased to 90%, a finding that is important for population planners interested in developing new immigrant destinations that are smaller and predominantly rural to reverse the declining trend of rural populations.

Table 4 shows the geographic distributions of immigrant and native-born populations in the 2001 census year, as well as those of recent immigrants. More detailed annual data on intended destinations of new arrivals are also included in Table A1 for the period 1981-2006.

CENSUS METROPOLITAN AREA	POPULATION	NON-IMMIGRANTS	IMMIGRANTS	IMMIGRANTS ARRIVING 1996-2001
Prince Edward Island	133385	128935	4140	490
Kings County	19060	18555	485	0
Queens County	70365	67260	2895	445
Prince County	43960	43125	760	45

Source: Non-immigrant data are from 95F0495XCB01001-NS-NE, Statistics Canada (B20/20 format). Immigrant data are from Census 2001 Target Group Profile, Statistics Canada (customized tabulations in B20/20 format).

Immigrants – particularly recent immigrants – are much more likely to live in Canada's larger urban centers. Similarly, immigrants to PEI are more likely to live in Queens County and Prince County where the two cities of Charlottetown and Summerside are located, respectively, jointly accounting for about 88 percent of immigrant population and about 67 percent of non-immigrant population. About 70 percent of immigrants in PEI live in Queens County, as does more than 50 percent of the PEI population. In both of the other two counties (Kings and Prince), proportions of immigrant population are smaller than those of non-immigrants.

Table A2 shows that more than 80 percent of the immigrants destined for PEI during the 1990s indicated Queens County as their intended destination. In 2005, this percentage increased to 90 percent. One possible explanation may be that those immigrants initially settling in the more populous counties are also more likely either to

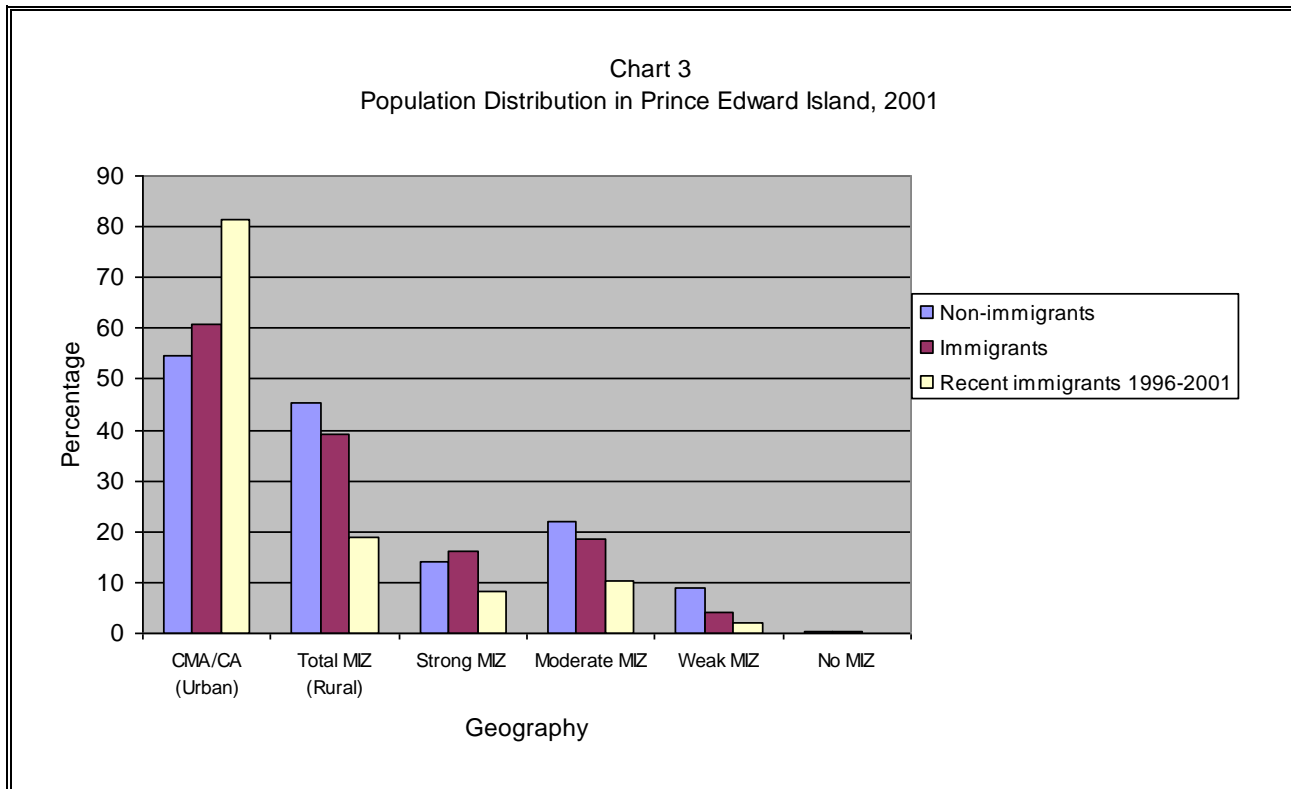


move to other areas of PEI or to leave the province entirely. Therefore, that a smaller proportion of recent immigrants was destined for other areas of PEI should be a concern to avert rural depopulation in PEI. This issue also should be a subject of future research owing to a growing interest among Canadian population planners in developing new immigrant destinations outside larger urban centers.

Further insights into the geographic distribution of immigrants in Prince Edward Island is offered by the more direct classification system of population into rural and urban areas as used by Statistics Canada: the Metropolitan Influenced Zone (MIZ), which better differentiates areas of Canada outside of census metropolitan areas (CMA) and census agglomerations (CA). Census subdivisions outside these areas are classified into one of four zones of influence ranging from "strong" to "no" influence, according to the degree of influence that CMA/CAs have on them. This type of categorization has proven useful for developing rural-urban profiles because it highlights differences between types of rural-based labour market integration as a proxy for rurality.

In terms of the distribution of immigrants live who close to larger urban areas, Table A4 indicates that while 55 percent of non-immigrants live in CMA/CAs, 61 percent of all immigrants and 81 percent of recent immigrants live in CMA/CAs. Those individuals who live outside a CMA/CA are mainly in areas that are either moderately or strongly influenced by a CMA/CA, according to Statistics Canada's measure of CMA/CA influence (MIZ).





Source and notes: Based on census 2001 Table CO-0861, 2001 Basic Profile. We thank the Rural Secretariat for providing us these Tables. MIZ = Metropolitan Influenced Zone. The degree of rurality is the lowest for “Strong MIZ” and the highest for “No MIZ.” For detailed explanation of the MIZ classification system, see: Chuck McNiven, Henry Puderer and Darryl Janes. 2000. Census Metropolitan Area and Census Agglomeration Influenced Zones (MIZ): A description of the Methodology , Statistics Canada Catalogue no. 92F0138MIE, no. 2000-2.

In general, the particular settlement patterns of immigrants pose a major policy challenge not simply because the pull of urban centres is strong for immigrants and non-immigrants alike, but also because of subsequent out-migration by immigrants currently living on PEI. This is the problem to which we will turn in the next section.

## IV.5 The Retention of Immigrants

### Summary

The retention of recent immigrant arrivals in PEI decreased from 59 percent to 51 percent from the early 1980s to the early 1990s. In the census period 1996-2001, the retention rate of new immigrants increased again to 60 percent. PEI's retention rate is relatively higher than that of Newfoundland and Labrador, Nova Scotia and the Atlantic Region as a whole but lower than that of New Brunswick.

If immigration is to make a lasting contribution to the PEI economy, retaining recent arrivals is as important as attracting them. Table 5 shows that the retention rate of recent arrivals in PEI decreased from 59 percent to 51 percent from the early 1980s to the early 1990s. In the most recent census period, the retention rate of new immigrants increased again to 60 percent. PEI's retention rate is relatively higher than that of Newfoundland and Labrador, Nova Scotia and the Atlantic Region as a whole, but lower than the retention rate of New Brunswick. Out-migration rates are likely to be highest in the first years after arrival, so retention rates of more established immigrants might be expected to be higher. This should be considered in future research on this topic.

Table 5: Immigrant Retention Rates for Prince Edward Island, 1981-2001\*

Period	New immigrants arriving in PEI**	New immigrants living in PEI at the end of period	Retention rate (%)
	(1)	(2)	(3)=(2)/(1)×100
1981 - 1986	679	400	59
1986 - 1991	867	565	65
1991- 1996	835	430	51
1996 - 2001	807	485	60

\*Retention rates may be slightly higher than reported because no provision can be made for deaths among new arrivals.

\*\*Data for the census year are only for the first five months.

Source: Data in column (1) are based on Permanent Resident Data System (PRDS - microdata) as provided to AMC under contract by CIC, while those in column (2) are based on Canadian population censuses obtained from the following sources:

1. For 1996-2001 data Statistics Canada Catalogue number 97F0009XCB-2001004.
2. For 1991-96 data, Statistics Canada Catalogue number 93F0023XDB96003.
3. For 1986-91 data, we thank Statistics Canada for providing these data.
4. For 1981-86 data, Statistics Canada population census 1986, PUMF-microdata.

Variables used: "prov" in PRDS. "province" and "year of immigration" in Censuses.

Because Censuses are conducted in June, new immigrants living in the province in the last year of each period do not include those who arrived in the latter half of those years, i.e., 1986, 1991, 1996 and 2001.

Other evidence for Atlantic Canada suggests that out-migration occurs across all categories of immigrants and schooling levels. Specifically, a study by the Atlantic

Provinces Economic Council (APEC, 2001) found that more than 70 percent of refugees destined for Atlantic Canada over the 1980-1995 period had out-migrated, while the corresponding rate was 55-60 percent for business immigrants and about 45 percent for skilled workers. We would like to compute these rates for individual provinces in Atlantic Canada, but required data were not available at the time of writing this report. However, it is likely that the numbers for Atlantic Canada also reflect the pattern of out-migration from PEI. Greater economic opportunities in large urban centres such as Toronto, Montreal, Vancouver and Calgary, combined with the presence of ethnic clusters, exert a strong pull on immigrants in PEI, except perhaps on those with secure employment and other ties to the region. The lack of adequate recognition of foreign credentials in the professions and trades and inadequate resources for settlement support also likely affect the retention rate of immigrants. This loss of economic immigrants is equivalent to a reduction in the provincial economy's stock of human capital, with damaging implications for long-term growth.

### **Pressures of Immigration**

On October 5, 2006, the Canadian Broadcasting Corporation (CBC) in Charlottetown ran a news story under the heading "PEI Schools Struggling to Meet Immigrants' Needs" highlighting some challenges posed by the influx of new immigrants to Prince Edward Island.

According to the story, the recently launched Provincial Nominee Program (PNP) has been somewhat successful in attracting new immigrants. As a consequence, the number of new immigrant students in schools in Charlottetown more than doubled in 2006 compared to the previous year. However, this has added new pressures and created a strain on "systems put in place to develop their skills in English".

"The provincial nominee program is designed to attract entrepreneurs and business-class immigrants to P.E.I., but these immigrants typically have high expectations of their children, and if schools don't have the programs in place to help them succeed, they might not stay".

".....local schools say they need more staff".

The news story can be found at: <http://www.cbc.ca/canada/prince-edward-island/story/2006/10/05/immigrant-students.html>

## V. IMMIGRANTS IN THE LABOUR MARKET IN PRINCE EDWARD ISLAND

Immigrants represent a vital human resource that can bring major economic and other benefits to New Brunswick. One way to assess how immigrants are doing in the economic sphere is to look at their contributions to the quantity and quality of human capital in the province and how they compare to the native born in terms of both various labour market outcomes and the level of their dependence on social transfers. We examine these in turn.

### V.1 Labour Force Growth

#### Summary

New immigrants make a small but increasingly important contribution to labour force growth in PEI. Their contribution to labour force growth approximately doubled from 3 percent in the 1981-91 period to over 6 percent in the 1996-2001 period.

Labour force growth is an increase in the quantity of human capital and therefore contributes to improving an economy's productive capacity and the standard of living of its residents in the long term. Labour force growth in PEI over the period under study has slowed substantially. The number by which the labour force increased continuously decreased from the 1981-86 to 1990-96 period and slightly increased from the 1990-96 period to the 1996-2001 period. The contribution of immigrants to the labour force growth also decreased in the 1996-2001 period in both absolute and relative terms. The overall trend indicates that the contribution of immigrants relative to that of non-immigrants is increasing over time. Therefore, immigration very likely will be an increasingly important future source of growth in the provincial labour force.

Table 6: Prince Edward Island Labour Force Net Growth Rate and Contribution of Recent Immigrants to the Growth of the Provincial Labour Force, 1981-2001

Period	Total growth of labour force	Growth owed to new immigrants	Growth without new immigrants <sup>1</sup>	Immigrants' contribution to labour force growth (%)	
				(4a)=(2)/(3)x100 <sup>2</sup>	(4b)=(2)/(1)x100 <sup>3</sup>
	(1)	(2)	(3)		
1981-1986	6100	180	5920	3.04	2.95
1986-1991	5440	260	5180	5.02	4.78
1991-1996	2345	195	2150	9.07	8.32
1996-2001	2780	175	2605	6.72	6.29

<sup>1</sup>Attributed to natural growth and net interprovincial migration. New immigrants are those who arrived during the listed period.

<sup>2</sup>Measures by what percentage recent immigrants caused labour force to increase by virtue of their presence.

<sup>3</sup>Measures what percentage of labour force growth was contributed by recent immigrants.

Source: Calculations based on Statistics Canada publication 97F0012XCB2001003.

## V.2 Human Capital

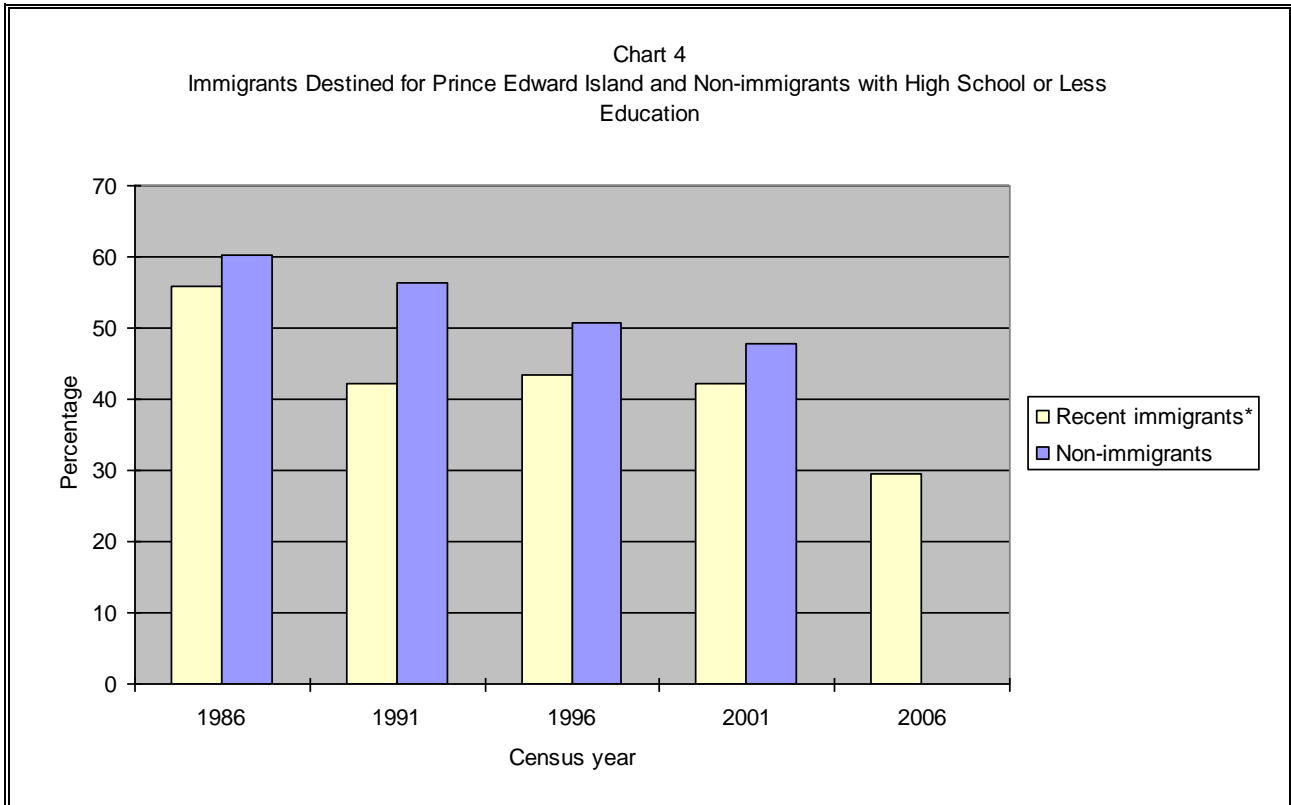
### Summary Points

- In terms of human capital, as was the case with immigrants to other provinces, the education level of immigrants to PEI compared favourably with that of non-immigrants over the 1981-2001 period.
- At the time of the 2001 census, about 48 percent of non-immigrants in PEI had acquired high school or less education, compared with 42 percent of immigrants to PEI who arrived in the 1996-2001 period.
- While the education level of non-immigrants has displayed only modest increases on average since 1986 (increasing from 8 percent to 13 percent), the percentage of immigrants with a degree who had recently arrived in PEI increased from 18 percent in 1986 to 29 percent in 2001. The proportion of new immigrants with a university degree further increased to 42 percent in 2006, while the proportion of immigrants with high school or less education further decreased to 30 percent in 2006.

Economic growth and living standards are driven by increases in both the quantity and quality of human capital. How do immigrants contribute to the growth in the quality and quantity of PEI's human capital stock? While schooling and labour market experience measures are typically used to reflect quantity, quality is more difficult to assess because data are typically unavailable. Labour market outcomes can give some indication of human capital quality in terms of returns to skills.

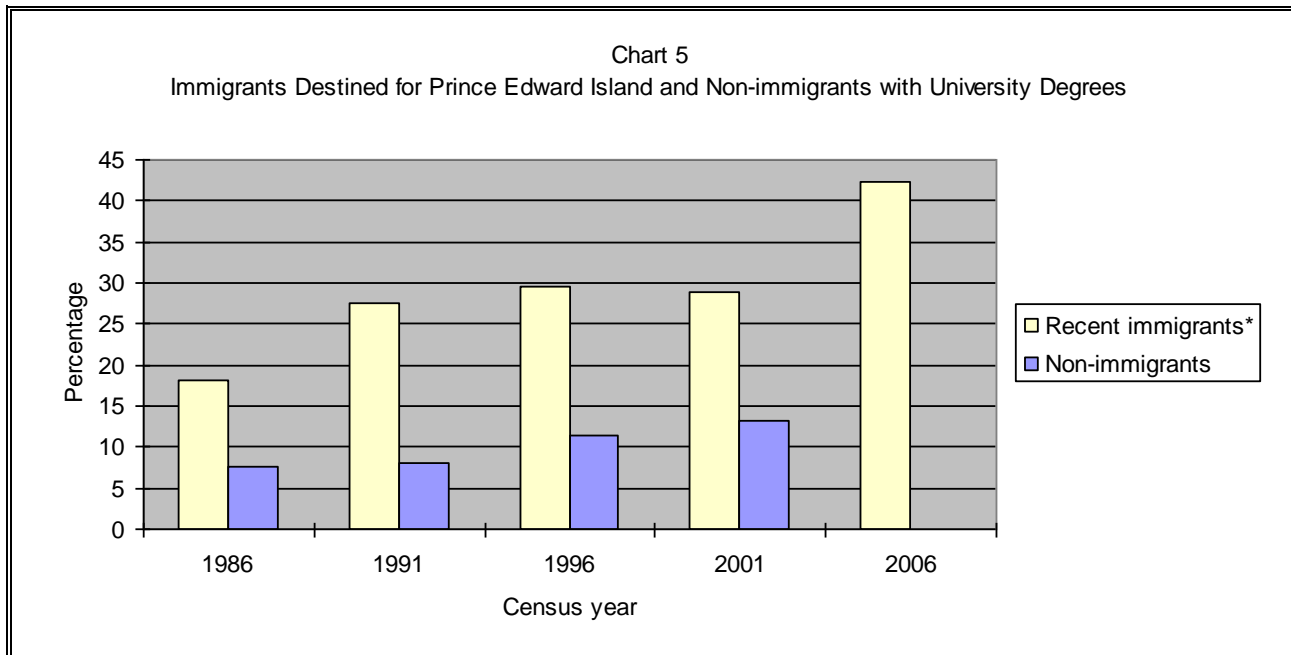
In this section, we compare the human capital characteristics of immigrants to PEI to those of non-immigrants by looking at schooling levels of the two groups over the period 1986-2001. Charts 4 and 5 present the proportions of non-immigrants and recent immigrants who have, respectively, high school education or less and a university degree or more. The charts are based on figures in Table A1.

Overall, recent immigrants to PEI have been more highly educated than non-immigrant residents over the full sample period. Of equal interest are the patterns over time in the educational attainment of these two groups. For non-immigrant residents of PEI, the percentage of people with high school or less fell from 60 percent in 1986 to 48 percent in 2001, while the percentage of people with a university degree or more increased from 8 percent to 13 percent over the same period. In contrast, the proportion of recent immigrants with high school or less fell from around 56 percent in 1986 to 42 percent in 2001, while the percentage of recent immigrants with a university degree more than doubled from 18 percent to 29 percent over the same period. This likely reflects in part the increasing preference for more highly educated immigrants through the immigration points system. As the two charts indicate, the proportion of new immigrants with a university degree further increased to 42 percent in 2006, while the proportion of immigrants with high school or less education further decreased to 30 percent in 2006.



\*Recent immigrants are those who arrived within five years of the census year.

Source: Authors' special tabulations based on 1) Permanent Resident Data System (PRDS, CIC, microdata) for immigrants, and 2) the Canadian population censuses (PUMF, 1986-2001, individual files) for non-immigrants. Data are reported for those who aged 15 and over at the time of the census.



\*Recent immigrants are those who arrived within five years of the census year.

Source: Authors' special tabulations based on 1) Permanent Resident Data System (PRDS, CIC, microdata) for immigrants, and 2) the Canadian population censuses (PUMF, 1986-2001, individual files) for non-immigrants. Data are reported for those aged 15 and over at the time of the census

The findings of this section point to increasing skill levels among immigrants in general. More significantly, they show that the educational level of immigrants is generally superior to that of non-immigrants in PEI. As we note later in our discussion of economic immigrants, they are also engaged in high-skill occupations in greater proportions than non-immigrant residents of PEI. Therefore, the human capital of immigrants makes a proportionately more positive economic contribution to the province than would otherwise be the case. While human capital characteristics represent a potentially higher economic contribution, is that potential fully realized? It may not be fully realized if the quality of human capital that immigrants bring with them is not recognized, and overqualified workers are working in lower paying occupations. However, without data in requisite detail, it is impossible to assess the extent to which this is happening. Nevertheless, actual labour market outcomes can give us a sense of how immigrants perform in labour markets. This question is addressed in the next subsection.

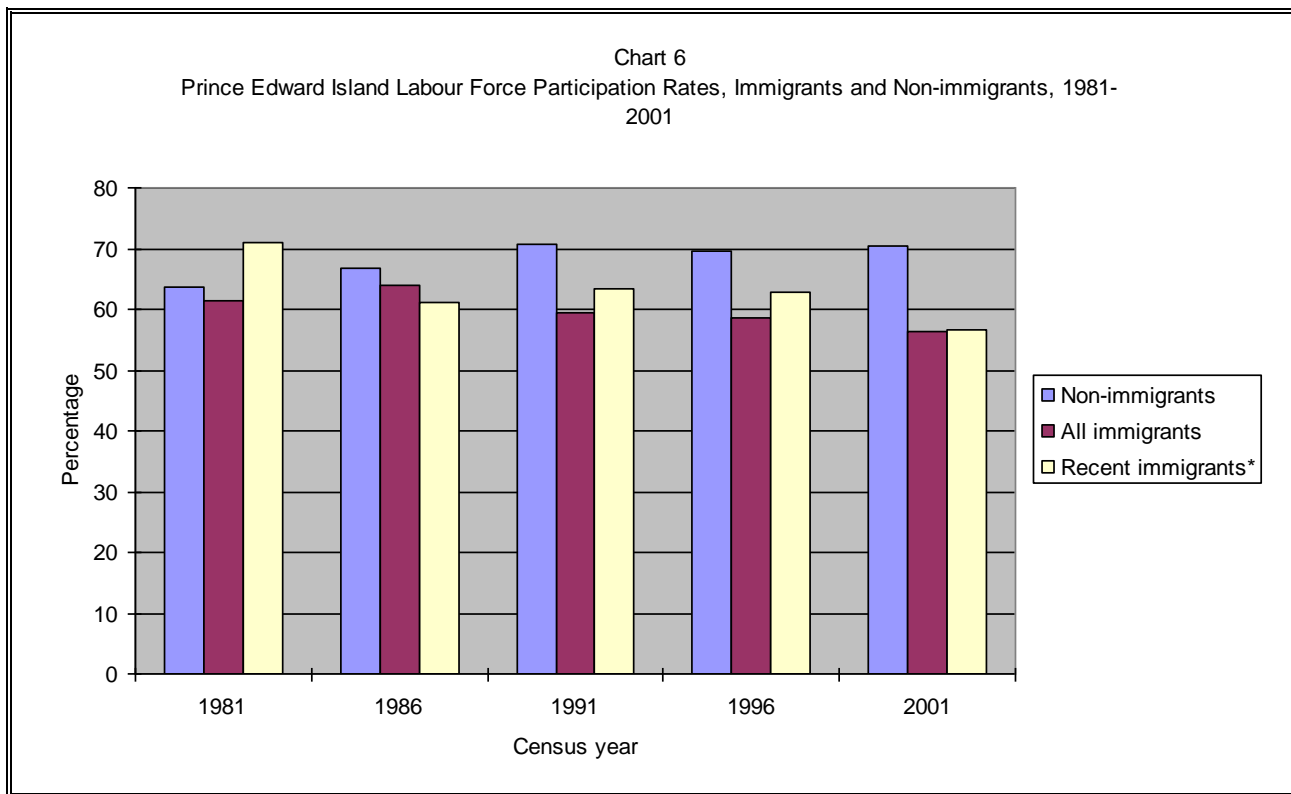
### V.3 Labour Market Outcomes

#### Summary Points

- Labour market outcomes (labour force participation rates, unemployment rates, and employment income) for immigrants in PEI differ from those of non-immigrant residents in a number of important respects: immigrants are less likely to be unemployed, have higher labour incomes on average, and receive slightly higher amounts of government transfers on average.
- Recent immigrants have markedly different labour market outcomes compared to both non-immigrant residents and immigrants who arrived earlier. Recent immigrants are more likely to be in the labour force, be unemployed, and have lower earned incomes on average and lower levels of government transfers. While part of the difference is likely due to recent immigrants being younger and less experienced, it may also be due to a lack of recognition of recent immigrants' educational credentials.
- Receipts of government transfers by recent immigrants were relatively lower in all census years but 1996. In 2001, the average amount of transfers received by recent immigrants was about 3 percent of their income, compared to 19 percent and 20 percent for non-immigrants and all immigrants, respectively. However, the gap between the non-immigrant and all immigrant groups in the proportions of income received in the form of government transfers has narrowed over time.
- It is likely that immigrants' contribution to the PEI economy is not being fully realized.

Chart 6 displays labour market participation rates among non-immigrants and immigrants for the census years 1981-2001. Over the 1981-2001 interval, the labour force participation rate of non-immigrants was higher than that of the entire immigrant population aged 15 and over and also than that of recent immigrants, except for 1981. Over time, in general, the participation rate of non-immigrants increased. In contrast, participation rates of all immigrants and recent immigrants decreased. By 2001, recent immigrants and all immigrants in PEI had labour force participation rates about 14 percentage points less than those of non-immigrants with the gap between the participation rates of immigrants and non-immigrants seeming to increase over time.

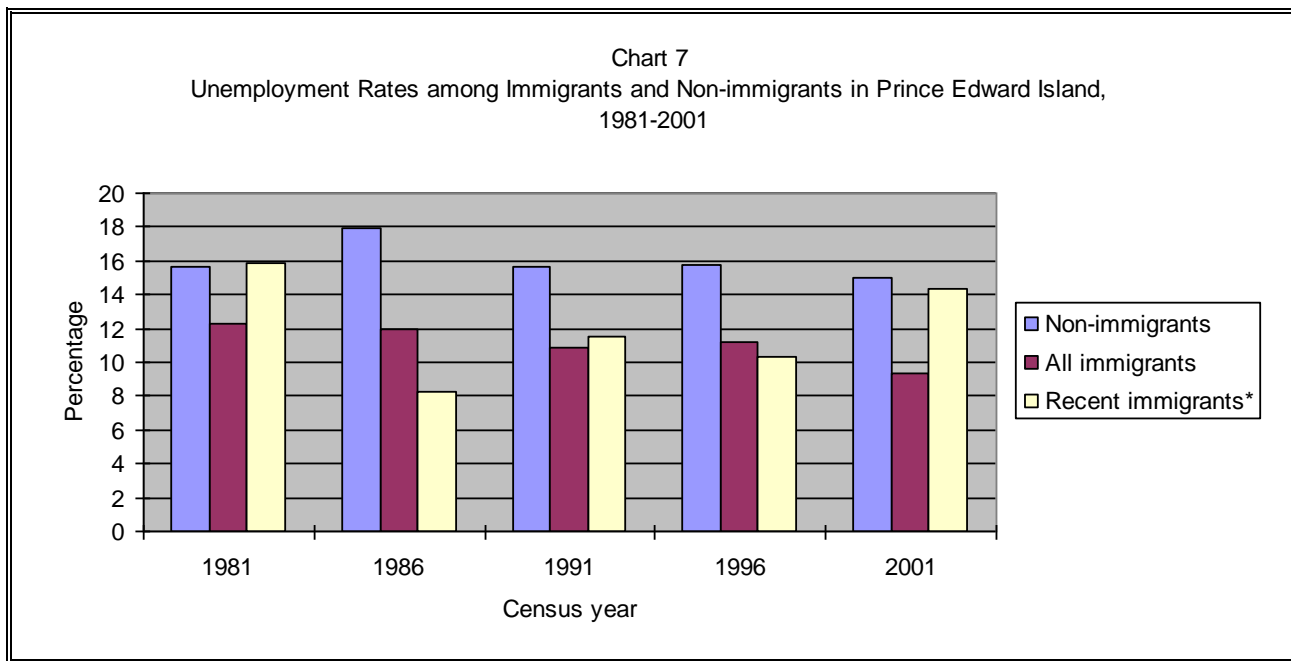




\*Recent immigrants are those who arrived within five years of the census year.

Source: Based on "Historical Labour Force Activity (Based on the 1971 Concepts) (8), Immigrant Status and Period of Immigration (10), Age Groups (18), Marital Status (7) and Sex (3) for Population 15 Years and Over for Canada, provinces and territories, 1971, 1981 to 2001 Censuses - 20% Sample Data". Ottawa: Statistics Canada, March 25, 2003. Census of Canada. Catalogue number 97F0012XCB2001003. Data are reported in Table A3.

Chart 7 provides the unemployment rates among immigrants and non-immigrants. The unemployment rate among the entire immigrant population was generally lower than that of non-immigrants except in 1981, when the unemployment rate for recent immigrants was slightly higher than that for non-immigrants. Between 1981 and 2001, unemployment rates for all the three groups (all immigrants, recent immigrants and non-immigrants) decreased. However, the decreases in the unemployment rates for non-immigrants and recent immigrants were only marginal. Data for 2001 reveal that recent immigrants experience an unemployment rate similar to that of non-immigrants and significantly higher than that for all immigrants. Changes over time in the unemployment rate of recent immigrants relative to non-immigrants may be explained in part by the changing composition of immigrants by source country. These changes coincide with the increasing importance of countries like China, Bosnia-Herzegovina and others in Asia as sources for PEI's immigrants.



\*Recent immigrants are those who arrived within five years of the census year.

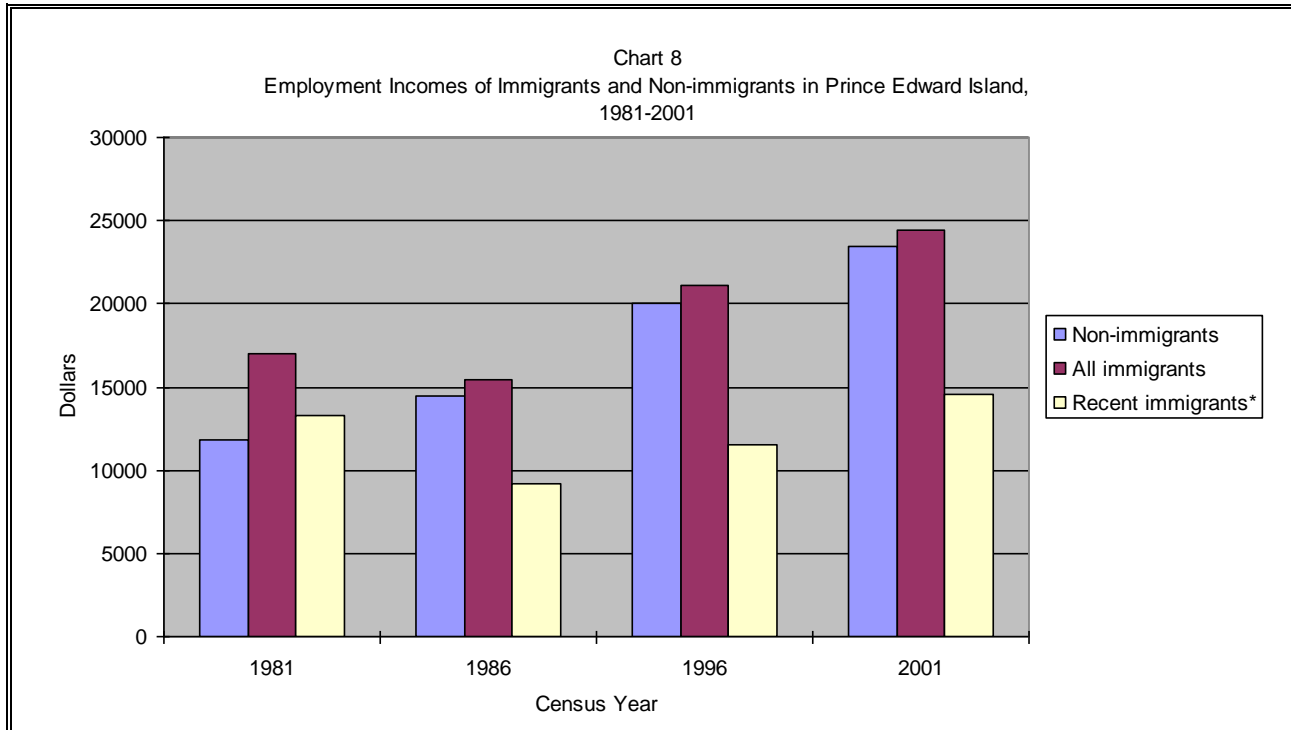
Source: Based on "Historical Labour Force Activity (Based on the 1971 Concepts) (8), Immigrant Status and Period of Immigration (10), Age Groups (18), Marital Status (7) and Sex (3) for Population 15 Years and Over, for Canada, provinces and territories, 1971, 1981 to 2001 censuses - 20% Sample Data". Ottawa: Statistics Canada, March 25, 2003. Census of Canada. Catalogue number 97F0012XCB2001003. Data are reported in Table A3.

Chart 8 presents data on employment earnings over the 1981-2001 interval. The data indicate that, on average, the employment income of immigrants was higher than that of non-immigrants. The employment income of recent immigrants was less than that of non-immigrants except in 2001. Their employment income has been lower than that of for all immigrants throughout the period. In 2001, the employment income of all immigrants was 4 percent higher than that of non-immigrants, while the income of recent immigrants was 38 percent lower than that of non-immigrants. As such, recent immigrants earned about 42 percent less income than all immigrants in 2001.

In general, immigrants earned more on average than non-immigrant PEI residents in each census year, and immigrants arriving within five years of the census year earned consistently less than non-immigrants except in 1981, again likely due in part to recent immigrants being younger and less experienced. However, it is well established that even controlling for such factors, recent immigrants earn less than comparable non-immigrant Canadians. Of comparable importance is the rate of increase of earnings of these recent immigrants as they become established in the local labour market. Though this topic is examined in great detail at the national level, future work should examine trends in earnings for particular groups of immigrants such as those in PEI and the other Atlantic provinces.

In general, the above findings on income disadvantage of recent immigrants in relation to non-immigrants and also on their rising unemployment rates indicate that

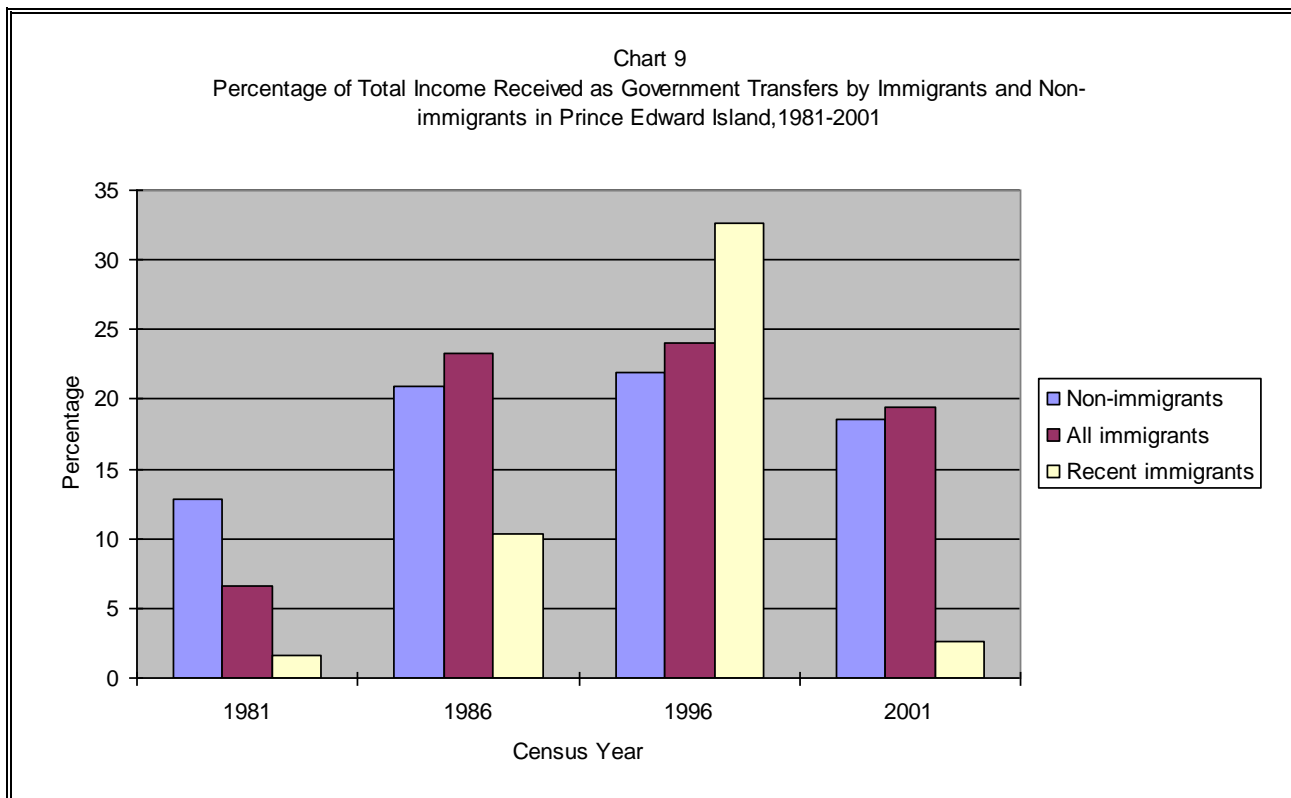
newer immigrant arrivals face some difficulties in their labour market adjustments in PEI despite their higher educational attainments than those who arrived in the past. Some difficulties may include lack of recognition of the educational credentials of new immigrants and language barriers as a large number arrived from developing countries in Asia in the recent past.



\*Recent immigrants are those who arrived within five years of the census year. Data on recent immigrants in the 1991 census were not available in the census PUMF for PEI.

Source: Special tabulations by authors based on Canadian population censuses (PUMF, 1981-2001, individual files).

Chart 9 shows the average level of receipt of government transfers (from all government sources) expressed as a proportion of total income from all sources. The data for all immigrants show that in general, an immigrant received slightly higher government transfer payments on average than did a non-immigrant resident in 1986 and 1996. However, that difference narrowed over time. The average transfer payment increased from 1981 to 1996 and then declined again in 2001 for all groups. Although the pattern is similar, the magnitude of the changes for recent immigrants is much larger. Government transfers as a percentage of total income for recent immigrants was much lower than for non-immigrants and all immigrants, except in 1996. In 2001, recent immigrants received only 3 percent of their income in government transfers, while non-immigrants and all immigrants received about 19 percent and 20 percent, respectively. These lower government transfer receipts of new arrivals are likely due to their younger age, which makes them ineligible for Canada Pension Plan and Old Age Security income. Due to their shorter length of stay, they may also not be eligible for Guaranteed Income Supplements or employment insurance.



\*Recent immigrants are those who arrived within five years of the census year. Data on recent immigrants in the 1991 census were not available in the census PUMF for PEI.  
 Source: Special tabulations by authors based on Canadian population censuses (PUMF, 1981-2001, individual files).

Overall, the evidence in this section suggests that labour market outcomes for immigrants are generally superior to those of non-immigrants in terms of lower unemployment rates and higher levels of earned income. However, this is not true of recent immigrants, who appear to face greater difficulty in their labour market adjustment than those who arrived in the past. On the other hand, recent immigrants rely less on social transfers for income support than both the native born and immigrants in general. It is likely that the potential economic contribution to PEI's economy is not being fully realized even though unemployment rates are relatively lower and employment incomes are higher for immigrants. This becomes more apparent in the next section in which we review various aspects of economic immigration to Prince Edward Island.

## VI. SKILLED AND BUSINESS IMMIGRANTS IN THE PRINCE EDWARD ISLAND ECONOMY

Skilled workers and business immigrants make up the so-called “economic” immigrant class. CIC defines the skilled worker class of immigrants as “people who may become permanent residents because they are able to become economically established in Canada.” ([www.cic.gc.ca](http://www.cic.gc.ca)).

“Business immigrants are people who can invest in, or start businesses in Canada and are expected to support the development of a strong and prosperous Canadian economy. The Business Immigration Programs seek to attract to Canada people experienced in business. Business immigrants are selected based on their ability to become economically established in Canada.” ([www.cic.gc.ca](http://www.cic.gc.ca)).

CIC also divides business immigrants into three classes. These include investor, entrepreneur, and self employed. Investors are experienced persons who must demonstrate business experience, have a minimum net worth of \$800,000, and make an investment of \$400,000. Entrepreneurs are experienced persons who will own and actively manage a business in Canada that will contribute to the economy and create jobs. Entrepreneurs must have business experience and a minimum net worth of \$300,000 and are subject to conditions on arrival in Canada that include creation of at least one job for original Canadians. Finally, the self-employed are persons who must have the intention and ability to create their own employment by operating a business in Canada. They are also expected to contribute to the cultural or athletic life of Canada.

While PEI abides by national objectives that allow immigration on humanitarian grounds for refugees and others for family re-unification, the need to foster economic immigration suited to the long-term needs of the province is paramount. Immigration policy falls under federal jurisdiction, but all provinces can (and do) work out special arrangements for promoting immigration perceived to be in their interest. Quebec has had such an arrangement for many years, but smaller provinces such as Prince Edward Island have only fairly recently started to engage in such initiatives. The Provincial Nominee Program for Prince Edward Island reflects this new thinking towards enhancing the positive impact of immigration in the smaller provinces of Canada that traditionally have attracted relatively few immigrants.

Since economic immigration is likely to be central to policy in PEI, it is important to examine it in detail. Therefore, this section analyzes data from a number of sources to shed light on the various dimensions of economic immigration to PEI. Our discussion will be divided into two parts – one dealing with skilled workers and the other with business immigrants.

While LIDS provides data on the arrival of immigrants under the skilled and business classes, no direct data are available on the economic performance of those who arrived under these classes. However, the economic performance of immigrants who practiced different occupations in Canada can be assessed. This section of this study focuses on those immigrants who can establish themselves economically in

Canada, so census data are analyzed only for those who worked as professionals and managers. The occupational matrix prepared by Human Resources and Social Development Canada (HRSDC) lists these two occupations among the top in terms of their educational and skill requirements. Finally, to assess the performance of immigrants in the business sector, data are analyzed for those who declared themselves “self-employed” on the census questionnaire.

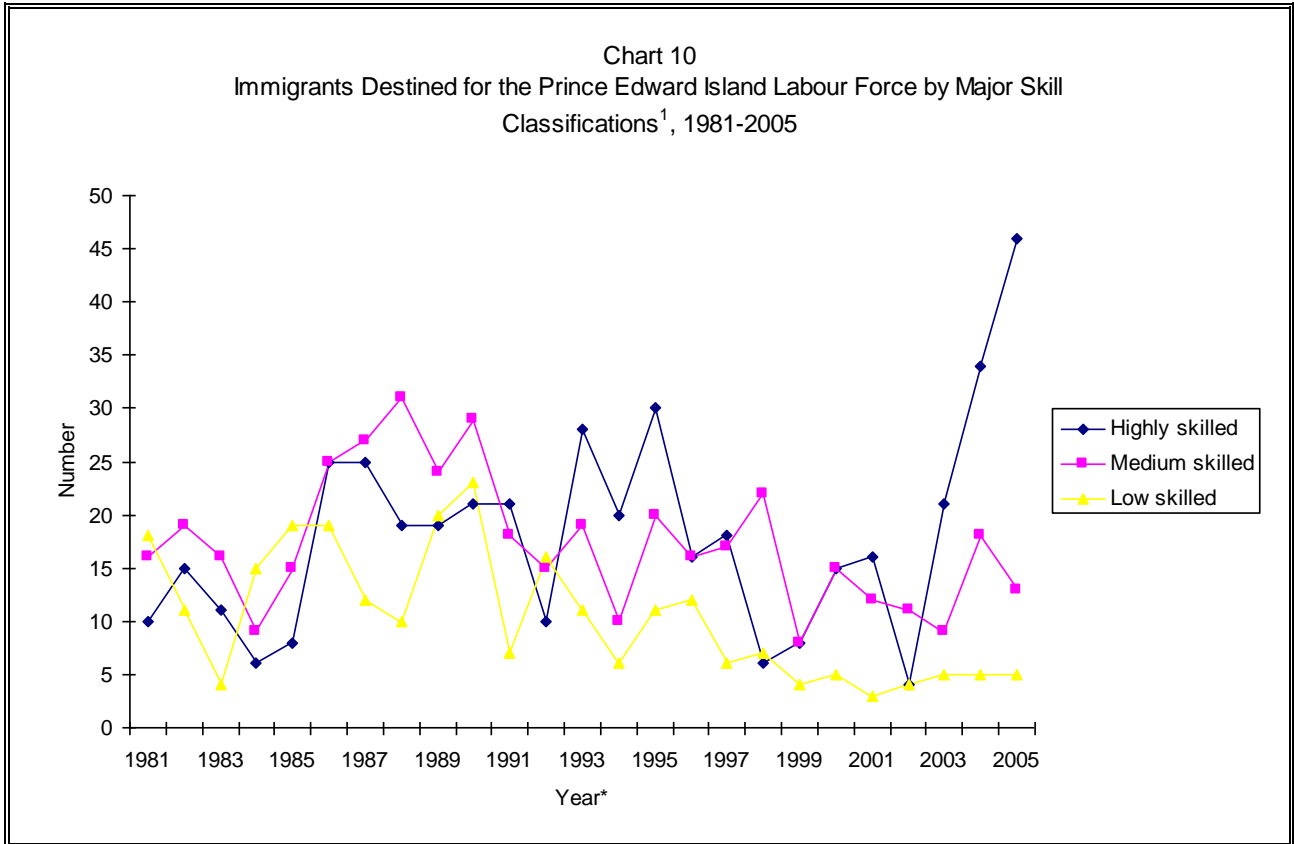
## VI.1 Immigration of Highly Skilled Workers

### Summary Points

- The inflow of medium- and low-skilled immigrants has shown a declining trend since 1989.
- Since the late 1980s, the inflow of highly skilled immigrants also has displayed a declining trend but has been completely reversed since 2003
- Between 2001 and 2005, the proportion of highly skilled immigrant workers increased from 52 percent to 72 percent while the proportion of low-skilled immigrant workers decreased from 10 percent to 8 percent

LIDS provides data on the occupational classifications of immigrants destined for the labour force according to the five classifications used by HRSDC. These classifications are used to derive the three occupational groups of “highly skilled”, “medium-skilled”, and “low-skilled” immigrants. Chart 10 provides annual trends of these three occupational groups of immigrants destined for PEI’s labour force, showing that throughout the period 1981-2005, highly skilled immigrants (managers and professionals, i.e., groups “O” and “A”) comprised a significant proportion of those destined for the labour force in PEI.

Since the late 1980s, the numbers of low- and medium-skilled immigrants have displayed a downward trend. In the very recent past, these trends continued while the highly skilled number of immigrants steadily increased. Following a marked decrease in 2002, the number of skilled immigrants intending to settle in PEI increased as of 2003. In 2001, highly skilled immigrants accounted for 52 percent of all skilled worker immigrants while low-skilled immigrants accounted for 10 percent. The proportion of highly skilled immigrants increased to 72 percent, while the share of low-skilled immigrants decreased to 8 percent in 2001. The proportion of medium-skilled immigrants declined from 39 percent to 20 percent between 2001 and 2005. Recent changes in the skill level composition of immigrants (from low to high skilled) may be partly due to the strong skill bias inherent in the Canadian immigration points-based system and the provincial emphasis on attracting skilled immigrants to fill skill shortages in domestic labour markets.



<sup>1</sup>National Occupational Classifications (NOC) were further classified as highly skilled = “O” and “A”; medium skilled = “B”, low skilled = “C” and “D”. Detailed definitions of NOC are provided in Table A1.

Source: Permanent Resident Data System (PRDS, microdata, CIC).

## ***Where Immigrant Managers and Professionals Work***

### **Summary Points**

- About 55 percent of highly skilled immigrants in PEI in 2001 were professionals, 32 percent were middle and other managers, and 13 percent were senior managers.
- Immigrant professionals and managers were overwhelmingly engaged in the service sector, which accounts for 67 percent of immigrant senior managers, 58 percent of immigrant middle managers, and 100 percent of immigrant professionals.
- About 43 percent of immigrant middle and other managers were employed in the wholesale/retail trade and in accommodation and food services. Another 14 percent of immigrants employed as middle or other managers were in public administration.
- For immigrants employed as professionals, the two most important industries of employment were education (50 percent) and health care/social assistance (25 percent).
- Overall, immigrants constitute a small but significant proportion of total professionals in PEI, although over the 1991-2001 period, the number of non-immigrants employed as professionals grew at a faster rate than the number of immigrants employed as professionals.

Table 7 depicts the distribution of managers (subdivided into two subgroups) and professionals by industry of employment in PEI in 2001. These immigrants may or may not have entered Prince Edward Island in the 'skilled' immigrant visa class so may or may not be included in Chart 10. However, their current occupations are described as highly skilled occupations as they conform to the HRSDC definitions. Several facts emerge from this table. In 2001, among highly skilled immigrants, 55 percent were professionals, 14 percent senior managers and the rest, about 32 percent, middle and lower level managers. Immigrant professionals and managers are overwhelmingly engaged in the service sector: About 67 percent of immigrant senior managers, 58 percent of immigrant middle managers and 100 percent of immigrant professionals were employed in the service sector. About 43 percent of immigrant middle and other managers were employed in wholesale/retail trade and in accommodation and food services. Another 14 percent of immigrants employed as middle or other managers were in public administration. For immigrants employed as professionals, the two most important industries of employment were education (50 percent) and health care/social assistance (25 percent), together accounting for about 75 percent of the total number of immigrant professionals. Of the remainder of professionals, about 17 percent were employed in arts entertainment and recreation services and about 8 percent were employed in professional, scientific and technical services. There were only 112 immigrants employed as senior managers, out of which 75 were in other services excluding public administration and 37 were in manufacturing.



Industry	Managers				Professionals	
	Senior		Middle & Other		No.	%
	No.	%	No.	%		
Agriculture, mining and utilities	0	0.0	0	0.0	0	0.0
Construction	0	0.0	0	0.0	0	0.0
Manufacturing	37	33.0	74	28.4	0	0.0
Service Industries:	75	67.0	150	57.5	448	100.0
Wholesale & Retail	0	0.0	38	14.6	0	0.0
Transportation, Warehousing, Information & Culture	0	0.0	0	0.0	0	0.0
Finance & Insurance	0	0.0	0	0.0	0	0.0
Real Estate, Rental & Leasing	0	0.0	0	0.0	0	0.0
Professional, Scientific, & Technical	0	0.0	0	0.0	38	8.5
Admn. Support, Waste Management & Remediation	0	0.0	0	0.0	0	0.0
Education	0	0.0	38	14.6	223	49.8
Health Care & Social Assistance	0	0.0	0	0.0	112	25.0
Arts, Entertainment & Recreation	0	0.0	0	0.0	75	16.7
Accommodation & Food Services	0	0.0	74	28.4	0	0.0
Other (excluding Public Administration)	75	67.0	0	0.0	0	0.0
Public Administration	0	0.0	37	14.2	0	0.0
Other (not specified)	0	0.0	0	0.0	0	0.0
TOTAL	112	100.0	261	100.0	448	100.0

Source: Authors' special tabulations based on the Canadian population census (PUMF, 2001, individual file). Variables used: "Immigrant Status Indicator", "Occupation – Employment Equity Designations – based on the National Occupational Classification", and "Industry – based on the 1997 North American Industry Classification System [Naics]".

Table 8 provides the occupational distribution of highly skilled immigrants employed as professionals in PEI for the 1991, 1996 and 2001 census years based on a 20 percent sample of individuals. Statistics Canada cautions that some numbers in Table 8 may be inaccurate due to the miscoding of some occupations; however, the data do permit comparisons between immigrants and non-immigrants and also between these groups and recent immigrants.

Overall, immigrants constitute a small but significant proportion of total professionals in PEI. However, over the 1991-2001 period, the number of non-immigrants employed as professionals grew at a faster rate than the number of immigrants employed as professionals. In many categories of professionals, the number of immigrants decreased or remained the same, while the number of non-immigrants increased. The net result was that the proportion of immigrants employed as professionals in many categories declined. Quantitatively, immigrant professionals are most likely to be employed as teachers and professors, but the immigrant share of this occupational group has remained relatively stable over the period even though the absolute number of teachers and professors actually declined between 1991 and 2001.

The numbers of non-immigrants employed in most occupational groups grew significantly, including in business and finance occupations, computers and information systems, health-related occupations and occupations in the category of social science, Profiles of Immigrants in Prince Edward Island

education, government services and religion. In particular, the number of non-immigrants employed in computers and information systems occupations increased by around 235 percent over the period 1996-2001, while the number of immigrants employed in these occupations increased only by 14 percent. Immigrants constituted only around 3.5 percent of these professionals in 2001. Most other occupational groups showed either a decline or no growth at all in the number of immigrants employed in these jobs.

Table 8: Professionals in Prince Edward Island by Selected Occupations: Immigrants and Non-immigrants, 1991-2001 Censuses, Prince Edward Island			
PROFESSIONALS BY OCCUPATIONS	Census Year		
	1991	1996	2001
<i>Business and Finance</i>			
Auditors, accountants & other investment professionals			
Non-immigrants	395	425	770
Immigrants	20	15	0
Recent immigrants	0	0	0
Other professionals in business and finance*			
Non-immigrants	155	115	190
Immigrants	5	20	20
Recent immigrants	0	0	0
<i>Natural and Applied Science and Related</i>			
Engineers			
Non-immigrants	165	320	240
Immigrants	10	25	25
Recent immigrants	0	0	0
Computer & information systems			
Non-immigrants	285	330	1,105
Immigrants	0	35	40
Recent immigrants	0	10	10
Other scientists*			
Non-immigrants	270	300	335
Immigrants	25	25	30
Recent immigrants	0	5	10
<i>Health Professionals</i>			
Physicians, dentists and veterinarians			
Non-immigrants	220	225	270
Immigrants	30	75	50
Recent immigrants	10	0	0
Other health professionals*			
Non-immigrants	145	240	215
Immigrants	25	30	5
Recent immigrants	5	10	0

Contd.

Table 8 (Contd.): Professionals in Prince Edward Island by Selected Occupations: Immigrants and Non-immigrants, 1991-2001 Censuses, Prince Edward Island			
	Census Year		
	1991	1996	2001
<i>Social Science, Education, Government Services &amp; Religion*</i>			
Judges, lawyers, Quebec notaries			
Non-immigrants	160	175	225
Immigrants	10	0	10
Recent immigrants	0	0	0
Teachers and professors			
Non-immigrants	2355	2210	2060
Immigrants	165	145	135
Recent immigrants	15	15	10
Other professionals in social science, education, Govt. services and religion*			
Non-immigrants	1480	1535	1715
Immigrants	75	95	95
Recent immigrants	15	0	0
<i>Arts, Culture, Recreation, and Sports</i>			
Musicians & singers			
Non-immigrants	70	135	145
Immigrants	10	0	20
Recent immigrants	0	0	10
Other professionals in arts, culture, recreation, and sports*			
Non-immigrants	355	405	385
Immigrants	40	45	65
Recent immigrants	0	0	0

\*Computed total of all other professionals in the occupation. Health professionals exclude nurse supervisors and registered nurses.

Source: "Occupation - 1991 Standard Occupational Classification (Historical) (707B), Selected Labour Force, Demographic, Cultural, Educational and Income Characteristics (252) and Sex (3) for Population 15 Years and Over, for Canada, Provinces, Territories and Census Metropolitan Areas <sup>1</sup>, 1991 to 2001 Censuses - 20% Sample Data." Ottawa: Statistics Canada. Catalogue number 97F0012XCB2001048.

## ***Employment Income, Unemployment Rates and Country of Origin of Highly Skilled Immigrants***

Table 9 shows that in each of the categories of all managers and professionals, immigrants accounted for about 5 percent of their respective totals in 2001. Immigrant managers and professionals earned significantly less employment income compared to non-immigrant managers and professionals, respectively. On average, an immigrant senior manager earned 71 percent less than corresponding non-immigrant managers in 2001, while immigrant other managers earned 25 percent less than their non-immigrant counterparts. Immigrants in the category of all managers earned 34 percent less than their non-immigrant counterparts. Among professionals, the earnings gap was much larger, as immigrant professionals earned 39 percent less than non-immigrant professionals.

Interestingly, unemployment rates for immigrant managers were much higher than for the corresponding non-immigrant groups. For the group of professionals, however, the unemployment rate among immigrants was nearly zero.

Table 9 also shows that the United States and United Kingdom are the primary source countries of highly skilled immigrants, together accounting for 90 percent of all managers and 58 percent of professionals. Among managers, the third most common source region was continental Europe. Among professionals, the third most common sources were other Europe and the Netherlands, each accounting for about 17 percent of all immigrant professionals.

Table 9: Managers and Professionals in Prince Edward Island by Employment Income, Unemployment Rate, and Country / Region of Birth, 2001				
	Senior Managers	Other Managers	All Managers	Professionals
Employment income (\$)				
Immigrants	15055	28085.03	25898.38	20770.63
Non-immigrants	52096.74	37453.41	39239.71	33810.33
Unemployment rate (%)				
Immigrants	50	28.46	33.33	0
Non-Immigrants	0	8.29	7.35	4.40
Immigrants' Country / Region of birth				
United States	0	112	112	149
United Kingdom	75	149	224	112
Germany	0	0	0	0
Netherlands	0	0	0	75
Other Europe	38	0	38	74
Asia	0	0	0	0
Other countries / regions	0	0	0	38
Total immigrants	113	261	374	448
Non-immigrants	746	6227	6973	9077

Source & notes: Special tabulations by authors based on Canadian population census (PUMF, 2001, individual file).

Mean employment income is calculated only for those employed in the reference week and includes wages and salaries and self-employment incomes.

Unemployment rate = unemployed / (unemployed + employed)

Total immigrants & non-immigrants include employed, unemployed and not in the labour force.

Variables used: "Province or territory", "Place of birth", "Immigrant status indicator", "Labour Force Activity – In Reference Week", "Occupation – Employment Equity Designations – based on the National Occupational Classification", "Wages and Salaries", "Self-Employment Income".

## Geographic Distribution of Highly Skilled Immigrants

Table 10 shows the distribution of highly skilled immigrants by county of residence in PEI. Highly skilled immigrants are located in all of the three counties but highly concentrated in Queens County, where Charlottetown is located. Comparing the distribution of managers to that of all immigrants reported in Table 4 shows very similar distributions. That is, managers are distributed across the province similarly to the settlement patterns of immigrants to PEI overall. For professionals, the largest concentrations of immigrants are again in Queens County, with the distribution very similar to that of managers.

Overall, immigrant professionals and managers are distributed across all PEI counties but are most highly concentrated in Queens County, where the provincial capital is located. Highly skilled immigrants earn less than highly skilled non-immigrants but also are more likely to be unemployed. As the previous section illustrated, the numbers of highly skilled immigrants grew more slowly than did the numbers of highly skilled non-immigrants, perhaps suggesting a failure to retain skilled managers and professionals in PEI. Whether productive potential is lost because of immigrants' departure is not known but needs to be explored.

County	Senior Managers	Other Managers	Total for Managers	Professionals
Kings	10	0	10	40
Queens	35	190	225	395
Prince	0	20	20	55
Rounding Error <sup>1</sup>	68	51	119	-42
<b>Total</b>	<b>113</b>	<b>261</b>	<b>374</b>	<b>448</b>

Source: Census 2001 Target Group Profile, Statistics Canada (customized tabulations).

1. This is computed as the difference between totals in Target Profile data and the PUMF data (Table 9). Since the numbers in the table are rounded to the nearest 5 people for confidentiality reasons, totals may not necessarily add up to the actual number of immigrants in a particular occupational category in the province. These numbers (including any negatives) are intended to adjust the 'rounded' column totals so they equal the actual total numbers for Prince Edward Island as a whole.

## VI.2 Business Immigration

### Summary Points

- In PEI in 2001, immigrant businesspeople were most active in the category of agriculture (25 percent), 'other services', manufacturing, educational services, and health and social services (each about 12 percent).
- The United States and the Netherlands have been the top source countries, with each accounting for about 31 percent of PEI's business immigrants, followed by the United Kingdom, which accounts for about 19 percent of PEI's business immigrants.
- Queens County is the main county of residence for business persons.
- There is a significant gender disparity among business immigrants (325 immigrant businessmen to 195 immigrant businesswomen).
- Both sexes are much more likely to have unincorporated, rather than incorporated, businesses.

While data on the economic performance of business immigrants are not directly available, census micro data permit the analysis of the performance of self-employed immigrants, some of whom will have recently arrived in Canada as business immigrants. The self-employed reported under the census terminology are those who were actually running their own business, incorporated or unincorporated, at the time of the census. The purpose of this section is to review the contribution of resident immigrants to PEI's business sector, so census data on the performance of self-employed immigrants will give a rough idea about the economic performance of these important immigrants. In the discussion that follows, the terms business immigrants and self-employed immigrants are used interchangeably.



Table 11: Immigrant Businesspersons by Industry, 2001 <sup>1</sup>	
Industry	Number
Agriculture	148
Other primary	0
Manufacturing	74
Construction	37
Transportation & storage	0
Communication & other utilities	0
Wholesale trade	0
Retail trade	38
Finance, insurance, & real estate	0
Business services	38
Educational services	74
Health & social services	74
Accommodation, food & beverage services	37
Other services	75
<b>TOTAL</b>	<b>596</b>

<sup>1</sup> Data reported in this table are for those who reported as being self-employed in the year 2000.

Source: Special tabulations by authors based on the Canadian population census (PUMF, 2001, individual file).

Variables used: "Province or territory", "Immigrant status indicator", "Class of worker", "Industry - based on the 1980 Standard Industrial Classification".

## The Distribution of Immigrant Businesspersons in PEI by Industry and Country of Origin

Table 11 shows the distribution of immigrant businesspersons by industry in 2001 and broadly indicates the industry in which that capital is located, although data are not available on the amounts invested. Immigrant business people are most active in agriculture (25 percent), followed by the categories of 'other services', manufacturing, educational services, and health & social services (each about 12 percent).

Country	Number
United States	187
United Kingdom	111
Germany	37
Netherlands	186
Other Europe	37
Asia	0
Other	38
Total	596

<sup>1</sup> Data are for those immigrants who reported to be self employed in 2000.

Source: Special tabulations by authors based on Canadian population census (PUMF, 2001, individual file).

Variables used: "Province or territory", "Immigrant status indicator", "Class of worker", "Place of birth".

Table 12 depicts the number of self-employed immigrants in 2001 by country of origin. The United States and the Netherlands were the top source countries, with each accounting for about 31 percent of PEI's business immigrants, followed by the United Kingdom, which accounts for about 19 percent of PEI's business immigrants.

County	Men aged 15 years and over			Women aged 15 years and over			County
	Self-employed (incorporated)	Self-employed (unincorporated)	Total Male	Self-employed (incorporated)	Self-employed (unincorporated)	Total Female	
Kings	10	20	30	0	10	10	40
Queens	80	170	250	50	105	155	405
Prince	15	30	45	20	10	30	75
Total	105	220	325	70	125	195	520

<sup>1</sup> Data reported in this table are for those who reported they were self-employed in 2000.

Source: Census 2001 Target Group Profile, Statistics Canada (customized tabulations in B20/20 format). The difference between the totals reported in Tables 11 and 13 could be because the geographic location of some respondents could not be identified on the census.

### ***Immigrant Businesspersons in PEI by Type of Business, Gender and Geographic Distribution***

Table 13 shows for self-employed business immigrants the type of business set-up (incorporated or not) by gender, as well as by geographic distribution, in 2001 and that the main county of residence for male and female businesspersons is Queens County. Other counties get relatively small numbers of business immigrants. Thus, as in the case for highly skilled immigrants, there is marked inequality in the distribution of business immigrants across PEI counties.

There is also a significant gender disparity in business immigration, with 325 immigrant businessmen to 195 immigrant businesswomen. For both men and women, businesses are much more likely to be unincorporated than incorporated, implying that the size of the typical business in PEI probably is not very large.

### ***Entrepreneurial Investment by Industry in PEI***

An important category under business immigration is that of immigrant entrepreneur. CIC defines entrepreneurs as “experienced persons that will own and actively manage businesses in Canada that will contribute to the economy and create jobs. Entrepreneurs must demonstrate business experience, a minimum net worth of CDN \$300,000 and are subject to conditions upon arrival in Canada.” The previous section viewed all self-employed individuals as business immigrants. Therefore, given CIC’s definition of an entrepreneur, the self-employed in the census data could also include some entrepreneurs who manage their own business. However, since entrepreneurial immigrants are also required to present evidence of compliance with certain conditions established by the province, some industry-level data are available for the period 1995-2004 on the amounts of their investment and were obtained from CIC through special request. Unfortunately, for PEI, the data are available only for 1997, which indicates that immigrant entrepreneurs invested \$15,000 in food and beverage services and \$25,000 in shoe, apparel, fabric and yarn-related retail businesses in that year.

## **VII INTERNATIONAL STUDENTS IN PRINCE EDWARD ISLAND**

### **Summary Points**

- The top source countries for international students studying in PEI are the US, China, Japan, Korea Nigeria, Germany and Australia.
- At present, PEI also receives smaller numbers of students from a large number of different countries.
- University students comprise the majority of international students.

International students are an important source of both income and human capital for both the provincial and national economies. The increasing competitiveness for

international students among the main destination countries of Canada, the US, Australia and the UK has created increasing challenges for universities in Atlantic Canada wanting to attract high-quality students, with intense competition even within Canadian universities.

Country	2003	2004	2005
United States	107	113	119
China, People's Republic of	7	23	32
Japan	19	13	14
Korea, Republic of	6	6	13
Nigeria	6	12	10
Germany	9	6	7
Australia	8	6	5
Top four sources countries	143	161	178
Other countries	114	119	145
Total	257	280	323

Source: CIC [Facts and Figures](#) Digital Library

Table 14 presents the top source countries of immigrants studying in PEI for the period 2003-05, while Table 15 provides information about international students in PEI by gender and level of study for the period 2001-2005. The data for 2003-2005 indicate that the total number of international students is higher than the sum of the students from the top four source countries and is growing at a noticeable rate. This indicates that at present, PEI receives students from a large number of different countries in smaller numbers. Table 15 also reveals that university-level students account for the majority of international students. Their proportion increased from 61 percent to 78 percent from 2001 to 2005, and the majority were females.

Level of Study	2001	2002	2003	2004	2005
Secondary or less	35	27	24	16	22
University	59	57	65	79	92
Other sub-categories	11	13	5	9	16
<b>Males</b>	<b>105</b>	<b>97</b>	<b>94</b>	<b>104</b>	<b>130</b>
Secondary or less	39	34	34	24	20
University	90	104	117	141	161
Other sub-categories	12	10	12	11	12
<b>Females</b>	<b>141</b>	<b>148</b>	<b>163</b>	<b>176</b>	<b>193</b>
Secondary or less	74	61	58	40	42
University	149	161	182	220	253
Other sub-categories	23	23	17	20	28
Total	246	245	257	280	323

Source: CIC [Facts and Figures](#) Digital Library

## VIII. MAJOR FINDINGS AND DIRECTIONS FOR FUTURE RESEARCH

The research conducted in this project provided, in some detail, the nature of immigration to PEI, with a focus on its economic role in the province since 1981. PEI's share of Canada's immigrant population is small and falls well short of its share in the national population, making it an immigrant-scarce province in relation to other provinces such as British Columbia, Ontario and Quebec. The province also receives a small share of annual immigrant inflows to Canada. Net out-migration from the province and falling fertility rates have raised questions about the adverse long-term implications for economic growth and development and therefore placed immigration at the centre of policy discussion. Policy formulation and implementation are, however, hampered by the limited body of research-based knowledge on many economic and social issues that immigration raises. This project is a step toward enhancing our understanding primarily of the economic dimensions of immigration to PEI. However, a number of information gaps need to be addressed. In concluding this report, we provide a sample of those gaps below.

Our findings indicate that immigration flows to PEI are smaller compared to those in the other Atlantic provinces. Those immigrants who choose to live in PEI tend to settle in Queens and Prince counties that contain the province's two main cities— Charlottetown and Summerside. That only a very small fraction of immigrants chooses to settle in other more rural areas of the province highlights the need for developing immigrant destinations in rural areas. Research that investigates the factors that determine provincial choices of new immigrants, as well as their destination choices within a province, should interest rural population planners such as the Rural Secretariat, for whom re-population of rural areas is a priority. Such research could also be of interest to provincial immigration policymakers interested in attracting more immigrants to the province.

The age profiles of previous and new immigrants to PEI indicate that greater proportions are in the younger age groups, confirming the economic theory that the young migrate. Due to the small inflows of immigrants each year, their age distribution would affect the age distribution of the PEI population only marginally. However, if their share increases, it could have a moderating effect on the aging trend in PEI directly and also indirectly over the longer term if immigrants have higher fertility rates. This will also increase labour force participation and contribute positively to long-term economic growth in the province. An investigation of how much of the current aging trend in the PEI population might be averted by immigration strategy initiatives over the next few decades, under various assumptions about fertility rates among immigrants, can provide useful information to population planners in the province.

If immigration is viewed as one means to reverse the slowing down and declining population trends and the aging of the province's population, then an investigation of the labour market effects of immigrants is also important because an increase of immigrant workers has certain wage and employment implications for the host population. In this regard, two important research questions are: 1) How do immigrants affect the wages paid to workers in PEI? And 2) Do immigrants displace the original PEI workers in the province's labour force? While these questions have been answered in the past using Profiles of Immigrants in Prince Edward Island

Canada-wide data, evidence for provincial labour markets and also for labour markets in small areas is lacking. This information would be useful for the debate on the role of immigration in the economic development of PEI. Some evidence on the labour market effects of immigration in small areas is particularly important if public policy is to encourage immigrant workers to settle in rural areas.

One common notion among the public, which often appears in the media, is that immigrants are a drain on the public purse as they tend to consume more public transfers than the host population. It is also held that immigrants pay lower taxes than the amount of public transfers they consume. Our findings that immigrants are young at the time of their arrival and relatively highly educated, and that recent immigrants receive only a very small proportion of their income in the form of government transfers, do not support such views. That many public transfers are age related (such as Canada Pension Plan and Old Age Security payments) and immigrants do not become eligible for these and some other transfers, such as employment insurance, for a period of time after arrival into the country support this view. Immigrants are also not likely to demand much health care service for a long time after arrival. However, they start to pay taxes, such as the sales tax, soon after arrival. Therefore, logically, over their lifetime immigrants would make a positive contribution to the provincial economy. A separate research project could also confirm or deny these implications by analyzing available data on immigrant earnings and their use of public transfers, health care services and education services.

We also found that inflows of highly skilled immigrant (managers and professionals) have increased and exceeded both medium- and low-skilled flows in recent years despite the fact that family class immigrants are the largest group of immigrants into PEI by visa category. It is important to investigate 1) whether there is a shortage of professionals in the province and in what fields, 2) in which fields immigrant professionals can fill the shortages, and 3) in what fields immigrant professionals are more likely to face difficulties in getting their credentials and professional qualifications recognized. The role of entry barriers to certain regulated professions, such as health care and law, in preventing immigrants from practicing in those professions should also be investigated. Finally, a research study should also examine why the share of immigrant professionals has declined in some fields.

Our analysis of data on skilled immigrants indicates that their labour market outcomes do not compare favourably with those of their non-immigrant counterparts. Immigrant managers and professionals earned significantly less employment income compared to non-immigrant managers and professionals, respectively. On average, an immigrant senior manager earned 71 percent less than corresponding non-immigrant managers in 2001, while immigrant other managers earned 25 percent less than their non-immigrant counterparts. Immigrants in the category of all managers earned 34 percent less than their non-immigrant counterparts. In the case of professionals, the earnings gap is much larger, as an immigrant professional earned 39 percent less employment income than non-immigrant professionals.

Interestingly, unemployment rates for immigrant managers were much higher than for the corresponding non-immigrant groups. For professionals, the unemployment rate



among immigrants is nearly zero, but the tepid or negative growth of highly skilled immigrants in many professions over the 1991-2001 period might reflect a failure to retain these professionals. The loss of productive potential resulting from their departure is not known but needs to be explored. While this report provides a broad industrial breakdown of the employment of the skilled immigrants in the province, more detailed industrial and occupational breakdowns, as well as information on the size of the firms in which they are employed, could shed some light on the stability of their employment.

Evidence gathered in this project also reveals that PEI does not fare well in terms of immigrant retention. The retention rate of recent arrivals in PEI decreased from 59 percent to 51 percent from the early 1980s to the early 1990s. However, in the most recent census period, the retention rate of new immigrants increased again to 60 percent. Time limitations did not permit us to obtain data on out-migration of various classes of immigrants, but evidence suggests that new immigrants likely face adjustment problems in the labour market, as is evident by their higher unemployment rates and lower employment income. The earnings of recent immigrants in 2001 are markedly lower than for non-immigrants and immigrants generally. Recent immigrants also tend to be younger, more educated and more highly skilled, so the earnings gap is of significant concern. Part of this poorer performance may be the result of non-recognition of immigrant credentials as a greater number of immigrants now come from “non-traditional” countries in Asia. Based on these findings, at least five important research questions emerge: 1) Do immigrants from the newer source countries face a lack of credential recognition due to discrimination? 2) How does the rate of out-migration vary among immigrant classes? 3) Do immigrants out-migrate at a rate different from non-immigrants? 4) How much human capital is lost due to out-migration of skilled immigrants from the province? And 5) What factors motivate immigrants to leave the province? Further research could shed light on these important issues.

The census data used in this study to analyze the earnings of skilled and business immigrants do not distinguish between entry classes of immigrants. In other words, these immigrants may have arrived in Canada under other non-economic classes, such as the family or refugee class, but may have opened a business or begun to practice as professionals. Highly skilled immigrants are concentrated mainly in the service sector, particularly in education and health care/social assistance. The Longitudinal Immigration Data Base (IMDB) does permit analysis of the incomes of different entry classes of immigrants, however, so an analysis of these data might provide a more direct economic outcome of immigration policy.

Business immigration is a potentially potent source of economic growth in PEI because it brings entrepreneurship, capital, innovation and expertise to the provincial economy. In PEI, immigrant businesspeople are most active in agriculture (25 percent), followed by the categories of ‘other services’, manufacturing, educational services, and health and social services (each about 12 percent). The United States and the Netherlands have been the top source countries, with each accounting for about 31 percent of PEI’s business immigrants. They are followed by the United Kingdom, which accounts for about 19 percent of PEI’s business immigrants. As, overall, business immigration has been a very small percentage of total immigrant inflows to PEI, future research should identify why PEI does not attract more business immigrants and



entrepreneurs. As in the case of skilled immigrants, data on out-migration of business class immigrants from the province could also not be obtained for this study due to time limitations but could be analyzed in a separate research study. We also need more detailed and reliable data on the amounts invested by business immigrants, the types of industries / businesses they invested in, the performance of their businesses, the industries/sectors in which immigrant entrepreneurs tend to do better, and the job creation of immigrant businesses in the province. This information will help draw overall conclusions about the role of business immigration in the economy of PEI.

Some data that can answer the questions raised above are not published but can be obtained from Statistics Canada and CIC through special request. Additional information will have to come from surveys, which can then provide the basis for both quantitative and qualitative analyses to shed light on these issues so that more effective immigration policies can be formulated.

## APPENDIX

## **A Note on Estimates of Population Published by Statistics Canada**

Charts 1 and 2 of this report are based on population estimates published by the Demography Division of Statistics Canada. These data are different from the more accurate census data used elsewhere in the report.

To explain the discrepancy, the following information is reproduced from Statistics Canada's web site under the title Estimates of Population by Age and Sex for Canada, Provinces and Territories

The estimates program of Statistics Canada provides annual estimates of population by age and sex for Canada, provinces and territories. Demographic estimates can be categorized as either intercensal or postcensal. Intercensal estimates correspond to estimates between censuses, whereas postcensal estimates correspond to non-census years after the most recent census. In producing up-to-date figures, postcensal estimates are obviously more timely, albeit less accurate. The production of intercensal estimates involves the retrospective adjustment of past figures with the availability of new census data.

### **Estimation**

Postcensal estimates are obtained by adding the number of births, subtracting the number of deaths and by adding or subtracting the net impact of international and internal migration on the most recent census population adjusted for census coverage error (i.e. both census undercount and census overcount). The inclusion of non-permanent residents in the target population dictates that net change in the size of this subpopulation in Canada be added or subtracted from the base period.

### **Quality evaluation**

The Census is considered to be a reliable benchmark for validating the postcensal population estimates. The error of closure (the difference between the postcensal estimate and the enumerated census population, adjusted for net undercoverage) provides a measure of accuracy for the postcensal estimates. It should be noted that it represents errors that have accumulated over the five-year period since the previous census.

At the national level, the differences are small (0.32% for 1986, 0.15% for 1991 and 0.61% for 1996). At the provincial/territorial level, however, the differences are understandably larger, since the provincial/territorial estimates are affected by errors in estimating interprovincial migration, in addition to the other components which affect the total population estimates. Nevertheless, excluding the territories, the provincial postcensal estimates fall within 1% of the census counts with few exceptions (Newfoundland and Labrador in 1986, 1991 and 1996; Alberta in 1986; Prince Edward Island and Saskatchewan in 1991; and Quebec in 1996).

## Data accuracy

The estimates of population by age and sex contain certain inaccuracies stemming from (1) errors in corrections for net census undercoverage and (2) imperfections in other data sources and the methods used to estimate the components. Errors due to estimation methodologies and data sources other than censuses are difficult to quantify but not insignificant. The more detailed the breakdown of the data, the larger the inaccuracy coefficient becomes. The component totals contain a certain amount of initial error, and the methodology used to classify them by sex and age, produces additional error in the figures at each stage. Nevertheless, the components can be divided into two categories according to the quality of their data sources: births, deaths, immigration and non-permanent residents, for which the sources of final data may be considered very good; emigrants, returning emigrants, net temporary emigrants and interprovincial migration for which the methods used may be a more substantial source of error. Lastly, the size of the error due to component estimation may vary by province, sex, and age and errors in some components (births and emigration) may have a greater impact on a given age group or sex. Intercensal estimates contain the same types of errors as postcensal estimates, as well as errors resulting from the way in which the errors present at the end of the period were distributed, that is, on the basis of the time elapsed since the reference Census.

Table A1: Immigrants (Principal Applicants) Destined for Prince Edward Island in the Defined Period by Year, Category, Education Level, Language Ability (English, French or both), Age, Gender, and Occupation, 1994-2005

Age group and gender	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Under 15												
Male	0	2	0	0	0	1	1	4	0	0	1	1
Female	2	3	1	2	1	1	1	3	0	3	7	5
15-24												
Male	2	7	4	2	3	7	12	3	5	4	6	0
Female	5	6	6	3	4	6	8	4	4	4	1	6
25-44												
Male	22	28	26	35	30	31	34	32	24	30	37	49
Female	17	13	16	14	12	16	22	19	16	19	40	24
45-64												
Male	6	9	9	10	4	8	14	7	6	12	27	35
Female	4	6	3	3	5	5	4	4	4	8	9	8
65 and up												
Male	3	2	0	1	1	1	0	0	0	0	3	4
Female	6	1	3	0	0	3	4	3	4	0	0	0
TOTAL	67	77	68	70	60	79	100	79	63	80	131	132

Table A1 Continued...

Major Occupations*	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
High skilled	18	25	14	14	5	8	14	16	4	19	33	43
Medium skilled	5	16	13	13	17	7	14	10	8	8	17	13
Low skilled	4	4	10	6	4	4	4	3	4	5	5	4
Total for labour force	27	45	37	33	26	19	32	29	16	32	55	60
Total not for labour force	36	28	29	37	34	58	67	50	47	48	68	66
TOTAL	63	73	66	70	60	77	99	79	63	80	123	126
Education Level												
No education	4	0	1	2	1	2	4	9	2	5	9	5
High school or less	31	27	31	25	24	32	35	25	34	24	21	23
Post secondary	8	16	16	14	17	17	23	17	10	15	31	36
Some university	4	9	3	5	2	5	9	6	4	5	8	3
University degree	20	25	17	24	16	23	29	22	13	31	62	65
TOTAL	67	77	68	70	60	79	100	79	63	80	131	132
Language ability												
English only	39	46	34	44	30	47	66	56	45	54	99	97
French only	0	2	0	0	1	1	1	0	1	0	1	4
Both English and French	2	3	0	0	3	2	2	3	3	5	13	9
Neither English nor French	26	26	34	26	26	29	31	20	14	21	18	22
TOTAL	67	77	68	70	60	79	100	79	63	80	131	132

Table A1 Continued...

Category	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Family	22	27	17	20	12	31	32	32	24	25	49	38
Skilled workers	17	18	12	13	12	9	18	15	5	10	15	13
Business	4	10	9	8	11	12	5	7	2	1	1	0
Refugees	22	21	29	26	22	27	45	24	26	21	19	16
Other immigrants	2	1	1	3	3	0	0	1	6	23	47	65
TOTAL	67	77	68	70	60	79	100	79	63	80	131	132
County												
Kings	2	2	3	2	3	6	4	3	2	4	6	7
Prince	9	6	6	9	3	8	18	9	7	11	14	7
Queens	49	60	56	59	52	62	75	64	44	56	92	96
TOTAL	60	68	65	70	58	76	97	76	53	71	112	110



Table A2: Immigrants (Principal Applicants and Dependents) Destined for Prince Edward Island in the Defined Period by Year, Geographic Distribution in Prince Edward Island, 1981-2005

Year	PEI				OTHER ATLANTIC PROVINCES				
	TOTAL PEI	KINGS COUNTY	PRINCE COUNTY	QUEENS COUNTY	Total NB	Total NS	TOTAL NL	ATLANTIC PROVINCES TOTAL	CANADA TOTAL
1981	80	5	18	57	827	1163	418	2488	120623
1982	103	8	13	82	610	964	323	2000	112091
1983	82	11	6	65	434	668	227	1411	83629
1984	72	0	22	50	399	750	209	1430	80218
1985	74	1	11	62	395	763	250	1482	78683
1986	107	0	10	97	471	852	217	1647	93531
1987	114	2	6	106	447	963	315	1839	144188
1988	101	0	9	92	498	1003	319	1921	152848
1989	140	12	21	107	859	1402	423	2824	189141
1990	162	16	22	124	823	1502	513	3000	214527
1991	143	5	21	117	665	1454	608	2870	229726
1992	124	13	23	88	718	2266	745	3853	251001
1993	143	12	12	119	667	2887	732	4429	251696
1994	147	2	19	126	590	3380	495	4612	220291
1995	146	8	9	129	618	3480	555	4799	210357
1996	140	6	10	124	688	3175	563	4566	222400
1997	144	2	18	124	640	2785	409	3978	215478
1998	129	3	9	117	694	1984	390	3197	173217
1999	131	9	8	114	628	1532	416	2707	189401
2000	186	8	39	139	740	1572	405	2903	226868
2001	129	9	12	108	753	1634	384	2900	249918
2002	88	3	12	73	654	1349	391	2482	228101
2003	143	4	19	120	593	1381	328	2445	220170
2004	279	7	32	240	705	1644	539	3167	234500
2005	288	17	13	258	1014	1808	469	3579	260714

Source: PRDS (microdata, CIC)

Table A3: Prince Edward Island Labour Market Statistics: Participation Rate, Unemployment Rate, Employment Income, and Government Transfer Payments as a Percentage of Total Income for Immigrants and Non-immigrants, 1981-2001

Census year	1981	1986	1991	1996	2001
Labour force participation rate					
Non-immigrants	63.8	66.9	70.8	69.6	70.4
Immigrants	61.4	64	59.3	58.5	56.4
Recent immigrants <sup>1</sup>	71.1	61	63.4	62.9	56.5
Unemployment rate (%)					
Non-immigrants	15.7	17.9	15.7	15.8	15
Immigrants	12.3	12	10.9	11.2	9.4
Recent immigrants <sup>1</sup>	15.9	8.3	11.5	10.3	14.3
Employment income (\$)					
Non-immigrants (1)	11805.85	14455.77	18777.21	20078.27	23421.32
Immigrants (2)	17043.79	15483.42	23282.1	21131.18	24395.37
Recent immigrants <sup>1</sup> (3)	13281.64	9213.333	N.A.	11539	14514.12
Ratio (3/1)	1.125005	0.637346	N.A.	0.574701	0.619697
Government transfers (% of total income)					
Non-immigrants	12.88579	20.87225	20.40078	21.96653	18.60758
Immigrants	6.592899	23.23981	19.91665	24.09928	19.48474
Recent immigrants <sup>1</sup>	1.672442	10.38989	N.A.	32.61998	2.563341

Table A4: Prince Edward Island Distribution of Population by Immigrant Status and Zone of Urban Influence, 2001

	Total population	Non-immigrants	Immigrants	Recent immigrants 1996-2001	Older immigrants before 1996
CMA/CA (Urban)	72945	70425	2520	390	2130
Total MIZ (Rural)	60130	58510	1620	90	1530
Strong MIZ	18780	18110	670	40	630
Moderate MIZ	29125	28360	765	50	715
Weak MIZ	11560	11385	175	10	165
No MIZ	670	660	10	0	10
		Non-Immigrants as % of Population	Immigrants as % of Population	Recent immigrants as % of Population	Old immigrants as % of Population
CMA/CA (Urban)		54.6205	60.87	81.25	58.2
Total MIZ (Rural)		45.3795	39.13	18.75	41.8
Strong MIZ		14.0458	16.18	8.333	17.2
Moderate MIZ		21.9956	18.48	10.42	19.5
Weak MIZ		8.83003	4.227	2.083	4.51
No MIZ		0.51189	0.242	0	0.27

**THE END**