Impacts of Immigration on net public transfers in Canada: A National Transfer Accounting Approach

Preliminary results

Workshop on micro-NTA and distributional issues
May 11th-12th

Julien Navaux, HEC Montréal, Research Chair in Intergenerational Economics.
Gilbert Montcho, Department of Demography, Université de Montréal.
Marcel Mérette, Department of Economics, University of Ottawa.
Yves Carrière, Department of Demography, Université de Montréal.
## Canadian literature

<table>
<thead>
<tr>
<th>Net public transfers of immigrants (inflows minus outflows)</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grubel and Grady (2012) (Recent immigrants)</td>
<td>$6,051</td>
</tr>
<tr>
<td>Javdani and Pendakur (2013)</td>
<td>$500</td>
</tr>
</tbody>
</table>
Hypothesis: Immigrants should contribute more than natives?

1°) They are more educated:
Distribution of individuals aged 25 to 64 by postsecondary education status (2006)

<table>
<thead>
<tr>
<th></th>
<th>Postsec. education</th>
<th>No postsec. education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian-born</td>
<td>59,2%</td>
<td>40,8%</td>
</tr>
<tr>
<td>Immigrants</td>
<td>74,0%</td>
<td>26,0%</td>
</tr>
</tbody>
</table>

2°) They are numerous in the working age group:

3°) They are doing well in terms of unemployment rate (and participation rate): 5,5%(85%) for immigrants VS 4,3%(89%) for people aged 25 to 54.
**Data**

1°) Aggregates : NTA by age groups

2°) Population by age for immigrants and for natives : from 1981 to 2016 (Statistics Canada)
   - Statistics Canada.

3°) Per capita age profiles
   - Surveys (SHS, SLID, CIS) : Cash transfers, outflows (Contributions to social insurance plans, Direct taxes from persons, Direct taxes from corporations and government business enterprises, Taxes on products and imports, other).
   - Administrative data :
     - Education : number of students by age (census).
     - Health : number of visits to hospitals, family doctors, and specialists (CCHS) : to be improved if possible.
     - “Other public consumption” : equality among individuals.
Aggregate public transfers in 2015, all age groups

<table>
<thead>
<tr>
<th></th>
<th>Canada</th>
<th>Natives</th>
<th>Immigrants</th>
<th>Natives</th>
<th>Immigrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population in 2015 (millions)</td>
<td>35,7</td>
<td>26,6</td>
<td>9,1</td>
<td>74,4%</td>
<td>25,6%</td>
</tr>
<tr>
<td>Public Transfer Inflows (millions C$)</td>
<td>648 173</td>
<td>478 204</td>
<td>169 969</td>
<td>73,8%</td>
<td>26,2%</td>
</tr>
<tr>
<td>Public Transfer outflows (millions C$)</td>
<td>636 289</td>
<td>485 325</td>
<td>150 965</td>
<td>76,3%</td>
<td>23,7%</td>
</tr>
<tr>
<td>Net Public Transfers (millions C$)</td>
<td>11 884</td>
<td>-7 120</td>
<td>19 004</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Per Capita public transfers in 2015, all age groups
Ratio of per capita public transfers inflows and outflows (immigrants / natives) by age in 2015
Per Capita net public transfers from 1997 to 2015, all age groups

2015 canadian dollars


Immigrants Natives

Javdani and Pendakur (2013)
Per capita public transfer outflows of natives at age $a$ / Per capita public transfer outflows of immigrants at age $a$
Per capita age profiles of labour income by cohorts from 1981 to 2015 (C$ 2015)
Next steps:

• Improve our distribution keys, especially for health expenditure.
• Explicit our hypothesis in comparison with previous studies.
• Explain more precisely why labour income and thus contributions stagnated over the last 40 years.