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# **The parent and grandparent immigration program in Canada: costs and proposed changes**

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**The Parent and Grandparent Immigration Program in Canada:**

**Costs and Proposed Changes**

By

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**Abstract:**

This paper examines the need for the parent and grandparent immigration program in Canada and provides critical observations on its objectives and operations and offers empirical estimates on its costs. And, as a contribution to the Government's recently launched consultations on how to redesign the program to make it more fiscally sustainable, it offers a specific proposal.

First, the costs: taking into account a \$1.3 billion per year increase in transfer payments to parents and grandparents (in 2005) estimated from the Census 2006 Public Use Microfile and the \$4.6 billion extra healthcare spending estimated from Canadian Institute for Health Information data and allowing for growth in numbers and costs, the annual fiscal costs of the parent and grandparent program to all levels of government in Canada could easily exceed \$6 billion per year at the present time. Bringing in the Government's estimate 165,000 individuals in the backlog and its expected increase in numbers applying to 500,000 by 2020 (including the 165,000) would more than double the fiscal costs from the \$6 billion estimated here. This would represent a significant increase in the claims on Canada's income support programs, which are already under severe strain from the ageing of the Canadian population.

Many Canadians have trouble understanding the meaning of multi-billion dollar cost estimates. Some illustrative examples of the potential benefits to individual immigrant families can help to put the figures in the perspective of their own household budgets. For instance, an immigrant family that brings in one parent or grandparent might benefit from subsidized health care worth \$9,600 per year during the parent's senior years. The immigrant parent might also get income support worth on average \$7,644 (\$6,262.24 OAS/GIS plus \$1,381.30 other government transfers). Together, this adds up to a total health and welfare benefit of \$17,244 per year, which over a 20-year life time as a senior would equal a rather hefty \$344,880. And if an immigrant family were able to bring in all four parents of both the husband and the wife, or perhaps a grandparent if one of the parents can't come, the total fiscal benefit would equal \$1,379,520 over the assumed 20-year post age 65 life of the parents.

The only way to make the parent and grandparent program "sustainable in the future" and to "avoid future large backlogs and be sensitive to fiscal constraints," the objectives specified by the Government in its press release announcing the consultations, is to drastically pare the numbers of parents and grandparents admitted and/or to shift the costs of the income support of the parents and grandparents and their health care back on to the shoulders of their sponsors where it belongs. Specifically, the sponsors must be made personally responsible for the support and health care of their parents and grandparents by requiring them to purchase life annuities for their parents and grandparents that provide a minimum level of lifetime income support and also to buy health insurance, perhaps from a special risk pool established

by the Government for that purpose to help ensure coverage. This will eliminate the large subsidy from Canadian taxpayers to the parents and grandparents of immigrants admitted to Canada.

**JEL Classification Codes:** J24 – Human Capital; Skills; Occupational Choice; Labor Productivity; J61 – Geographic mobility, immigrant workers; H51 - Government Expenditures and Health; H55 - Social Security and Public Pensions.

**Keywords:** recent immigrants to Canada, Canadian immigration policy, parent and grandparent program, old age pensions, healthcare costs

## Introduction

One of the aspects of Canada's immigration policy that is defended most vigorously by immigration advocates is our liberal policy for allowing immigrants to sponsor their parents and grandparents, which is the most generous in the world.<sup>1</sup> And, of course, no one likes to talk, except in the most general of terms, about the high costs of this policy. The Government is no exception to this rule and has provided virtually no information on the characteristics or performance of the parents and grandparents admitted.

At the same time, the generous benefits to be derived from joining their children in Canada are quite obvious to the parents and grandparents who are eligible for sponsorship. This has created a steadily increasing demand for admissions. As a consequence, and in spite of the admission of over 450,000 parents and grandparents since 1990 when admissions were stepped up, the backlog has continued to grow, reaching 165 thousand in late 2011 (CIC, 2011a). The large backlog has given rise to a wait time of around 8 years, which has angered many in the immigrant community and prompted complaints from politicians worried about losing the immigrant vote. And at hearings before the House of Commons Standing Committee on Citizenship and Immigration on November 17, CIC officials speculated that without action applications would continue to come in at 35,000 to 40,000 per year and the backlog would grow to 500,000 by 2020, increasing the wait time to more than 15 years.

The Government subsequently announced policy measures to stem the backlog. These included most notably: an increase in the number of sponsored parents and grandparents to be admitted next year, from nearly 15,500 in 2010 to 25,000 in 2012; a temporary "pause" on the acceptance of new sponsorship applications for parents and grandparents for up to 24 months; and the introduction of a new "super visa" valid for ten years allowing parents and grandparents to visit. The Government also promised to consult with Canadians on the parent and grandparent program, focussing on ways to make it "sustainable in the future" and to "avoid future large backlogs and be sensitive to fiscal constraints." These consultations are intended to help the government to redesign the program.

While this all sounds very responsible and sensible, on closer examination, it becomes evident that the Government has not yet really done anything concrete to reduce the demands for increasing numbers of parents and grandparents to be admitted to Canada and to limit their growing claim on the public purse. To the contrary, it has actually increased the number to be admitted this year by 9,500. The short "pause," which is supposed to last no more than two years, will do little to reduce the demand for admissions, but merely hide the ballooning

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<sup>1</sup> Martin Collacott (2002; 2006) is one of the few immigration specialists who has challenged the wisdom of Canada's liberal family reunification policy. Those familiar with his arguments will recognize many of them in this paper.

problem, until it is lifted. And afterwards, the backlog will explode, unless tough new restrictions are imposed. It's hard to imagine the Government risking the ire of the immigrant community unless strong support emerges from Canadians for the continued imposition of such restrictions.

This paper examines the need for the parent and grandparent program and provides some evidence on the problems and costs associated with the program. It also responds with a specific proposal to the Government's request for ideas on how to redesign the program to make it more fiscally sustainable.

### **Do We Really Need a Special Program to Admit Parents and Grandparents?**

An important rationale for giving preferences to the parents and grandparents of immigrants is that it is necessary to attract the kind of highly educated and skilled immigrants that Canada needs to compete successfully in the global economy. Never mind that recent cohorts of skilled immigrants themselves have not been successful enough in labour markets to cover the costs of the government services that they themselves consume, which Herbert Grubel and I estimated to be in the \$16 to \$23 billion range per year (Grubel and Grady, 2011). The alleged need to bring in the less-educated and skilled parents and grandparents of immigrants makes it even more difficult, if not impossible, for immigration to contribute to Canada's competitiveness and to make a net fiscal contribution to Canada.

One of the justifications for admitting parents and grandparents is that they will take care of the immigrants' children and enable the immigrants to be more productive. There are at least three problems with this. First, the recent immigrants have not been very productive themselves, earning only around 70 per cent of that of other Canadians (Grady, 2011, p.7), which is not enough to enable them to pay their share of the costs of Government goods and services. Second, for better or worse, child care by grandparents and great grandparents is not the usual Canadian method.<sup>2</sup> Most Canadians rely on daycare or other similar, but less formal, arrangements. Given the need to work longer, the parents of most Canadians with young children are usually also in the labour force themselves and thus cannot spend all their time watching their grandchildren. Third, taking care of children at home is not a very remunerative

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<sup>2</sup> According to a study published by Statistics Canada (Bushnik, 2006), in 2002-03 the latest year then available, only slightly more than a fifth of young children were cared for by relatives in their home and outside with care in day care centres growing most rapidly (p.14). And table 15d (p.81) shows that the proportion of those cared for in their own home by a relative is more than twice as high as the person most knowledgeable about the child is born outside Canada. This means that share of young children of native born Canadians cared for in their own home is lower than a fifth. And, of course, there are many other relatives than parents and grandparents capable of providing child care, which would reduce the proportion of children being cared for by grandparents even further.

activity and is not likely to generate sufficient income to cover living expenses and health and pension costs. It can only be economically viable if the families involved are well off enough to cover these costs through intra-family transfers or more likely through social welfare programs paid for by other Canadians. In the latter case, which unfortunately is the norm, there is likely to be substantial net costs to other Canadians and not benefits.

Another justification for the program is that it is required to help immigrants meet their responsibilities to take care of their elderly parents and grandparents. This ignores the fact that the cost of living and health care is usually much cheaper in the country of origin. It is only cheaper for the immigrant family in Canada because it is heavily subsidized by the Government.

Family reunification is specified in the Immigration and Refugee Protection Act (Sec. 3.1.d) as an objective of the Act with respect to immigration. That provides the statutory basis for the parent and grandparent program. While family reunification may sound like a worthy objective to many soft-hearted Canadians, perhaps it is not such a good objective for immigration policy in a competitive world where an ageing population is putting increased pressures on health and social programs that must be supported by taxpayers.

The objective of family reunification is a holdover from the past. In the old days before telecommunications and jet travel, immigrants kissed their families goodbye and never saw them or spoke to them again unless they came along or followed. It was as if the family member died for the remaining family members when they immigrated. Now, in contrast, immigrants can talk to their families back home on cell phones every day or even video conference on Skype and can visit back and forth every year or two thanks to cheap airfares. This is why native-born Canadians move all over Canada and even around the world to live and work and do not expect to bring their parents and grandparents along. If Canadians expect to do this, why should it be any different for immigrants?

And then what exactly does family reunification mean. If a family has four children and one immigrates to Canada, how is it family reunification to bring the parents away from their three children to be united with the one in Canada? This is the reason why Australia now imposes a balance of the family test on the admission of parents and grandparents.

It is also hard to understand why parents and grandparents are not subjected to any of the same selection criteria as other immigrants such as those regarding work, education and language skills. After all, they will have to compete in the same Canadian labour market as other immigrants if they are to support themselves and contribute their share of the cost of Government social and health programs, that is, unless they intend to rely on family or government support.

What company could survive and prosper if it had to provide health care and pensions to the parents and grandparents of its new hires? General Motors was bankrupted by the pensions and healthcare costs of its own retired workers. If paying the pensions and health costs of their own employees and retirees are causing such difficulties for corporations, imagine if they had to pay for the parents and grandparents as well. If it would be foolhardy for a corporation to assume the health and welfare costs of the parents and grandparents of its employees, why should it be any different for a country like Canada with an ageing population?

### **Concerns about Parents and Grandparents as Immigrants**

Bringing in large numbers of parents and grandparents results in substantial additional economic costs to Canada that increase the already high costs to Canada from mass immigration. Parents and grandparents are by definition a generation or two older than economic class immigrants who are supposed to be selected on the basis of their ability to contribute economically to Canada. As the parents and grandparents are not required to meet any selection criteria, their educational and skill levels are also likely to be much lower. And a large proportion of them are not likely to have knowledge of either of Canada's official languages even after residing in Canada for many years.<sup>3</sup>

The lower educational and skill levels of parents combined with their limited language skills mean that they are unlikely to ever be able to fully participate, if at all, in Canada's labour market and to build up the pension entitlements of other Canadians who will be required to support them in their retirement years. And obviously they are not able to contribute their share to the financing of Canada's expensive social and health programs. As a consequence, they will add to the growing fiscal burden of Canada's ageing population rather than help to alleviate it. Indeed, they will add a whole other dimension to the problem of poverty among seniors as the Old Age Security/ Guaranteed Income Supplement (OAS/GIS) and the Canada/Quebec Pension Plan (C/QPP) has largely eliminated poverty for seniors who have worked in Canada for their entire working lives.

Another effect of allowing in so many parents and grandparents is that it slows the integration and assimilation of the immigrant families into the Canadian society and economy. The parents and grandparents with their limited education and language skills help to transmit the old country's culture and languages to the younger generations and constitute a strong conservative force resisting the adoption of Canadian ways. This intergenerational transfer of

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<sup>3</sup> Unfortunately, the data on the educational credentials and language qualifications of parents and grandparents admitted under the program has never been released by the Government so the assertions about the deficiencies of parents and grandparents must be based on inferences from Census data analyzed in the next section.



culture and language is likely to be particularly strong if the parents and grandparents assume responsibility for child care.

The parent and grandparent program also enables the undesirable phenomena of chain migration, whereby whole families can be brought in through a chain of sponsorships that short circuit the point system utilized for immigrant selection.<sup>4</sup> Sponsored parents can sponsor their spouses or common-law partners and dependent children enabling an immigrant to indirectly sponsor their younger brothers and sisters without them having to meet any of the employment or language skills required of independent immigrants. While dependent children must usually be under 22 years of age and unmarried, they can still qualify if they are financially dependent on the parents either because they are in school or have a “physical or mental condition.” Parents younger than their mid-50s are the ones most likely to have dependent children and to serve as the links in the family chain. The trouble with chain migration is that it brings in additional immigrants who are not subjected to the same (hopefully rigorous?) selection criteria as economic immigrants and who are less likely to succeed economically in Canada and more likely to result in substantial net costs to Canadian taxpayers.

## **What Are Some of the Costs of Admitting Parents and Grandparents?**

### **Government Transfer Payments**

It is not easy to quantify the costs of admitting parents and grandparents because the Government does not make all the required data available. There are some CIC administrative data available on the number of parents and grandparents admitted. They reveal that 538,666 parents and grandparents were admitted between 1980 and the second quarter of 2011. It also reveals that the numbers admitted almost tripled after 1990 from an average of 7,718 per year from 1980 to 1989 to an average of 21,480 from 1990 to 2010. Moreover, the Government told the Standing Committee on Citizenship and Immigration last November that applications would come in at 35,000 to 40,000 per year over the next few years if they were accepted. This represents a four- to five-fold increase from the average of the 1980s and clearly shows that there will be growing demands to admit even larger numbers of parents and grandparents.

The big problem for an outsider trying to evaluate the program is that the administrative data does not reveal anything about those admitted other than their numbers. Fortunately, however, it is possible to provide estimates of some of the fiscal costs of admitting parents and

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<sup>4</sup> Martin Collacott (2002, pp.22-23) explains “the role of sponsored parents as the key link bringing in sponsored family members.”

grandparents using Census data provided in the Census 2006 Public Use Micro File (PUMF). This is the same data source utilized in Grubel and Grady (2011) and Grady (2011).

Out of the Census sample of recent immigrants admitted from 1987 to 2004 (which was chosen because of the deterioration in the performance of immigrants after 1987 as a result of the large increase in the number of immigrants and the switch in their origin away from the traditional source countries), a subsample of immigrants who were 65 or older in the census year was selected. The rationale for this was that the individuals in this group would have been at least 47 years old when admitted and would probably have included almost all the individuals who would have been admitted under the parent and grandparent program.<sup>5</sup> This group can thus be considered a proxy for immigrants admitted under the parent and grandparent program. The subsample of elderly recent immigrants includes 4,741 individuals who represent 175,391 in the universe. This is less than the 375,882 individuals recorded by CIC as admitted under the parent and grandparent program from 1987 to 2004. Possible explanations for the lower number reported in the Census than in the administrative data include mortality, emigration, and the inclusion in the administrative data of individuals who were not aged 65 or older by the 2005 Census year. In comparison, there are 103,045 non-recent immigrant individuals in the sample accounting for 3,812,105 elderly. The average age of these two groups is fairly similar – 73.3 for elderly recent immigrants and 74.5 for other elderly.

The relevant Census information on this estimated proxy sponsored parents and grandparents is shown on Table 1. The income of this group is only \$15,696 or 48.9 percent of that of other elderly. Their average employment income is only \$1,870 or 48.6 percent of other elderly. And their average income tax paid is only \$891 or 20.8 percent of other elderly. This clearly indicates that the proxy parent and grandparent group is severely disadvantaged economically relative to other Canadians and can no way be viewed as having ever been self-sufficient. This should not be a surprise as 47.4 percent of them had no knowledge of English or French, 47.9 percent had not gone to high school, and 72.9 percent had no post-secondary education. Without language skills or education, it is obviously very difficult to get a decent job in Canada. It should be evident that this group would never have been admitted under the points system.

Some may be puzzled to see that, in spite of its extremely low income, this group only receives average government transfer payments of \$8,712 per person, which is only 69.9 percent of that received by other elderly Canadians. However, this comparison is misleading as the deficiency can be entirely explained in terms of the average lower Canada/Quebec Pension Plan (C/QPP) benefits received (\$990 compared to \$5,463). C/QPP benefits differ from other government transfers in that they result from a contributory pension plan whereby individuals pay

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<sup>5</sup> It would have also included some economic class immigrants and refugees as well in that age group, but they can be expected to represent a relatively small proportion of the total.

actuarially determined premiums over their working life based on their accruing pension entitlements. The simple fact is that the aged recent immigrants received lower pensions because they earned less when working than other elderly and their Canadian work lives were cut short by their arrival in Canada later in life. Consequently, their benefits reflect their lower lifetime contributions to the C/QPP.

**Table 1: A Comparison of Elderly Recent Immigrants with Other Elderly**

	<b>Elderly Recent Immigrants</b>	<b>Other Elderly</b>	<b>Recent Immigrants as % of Other Elderly</b>
Number in Sample	4,741	103,045	
Number in Population	175,391	3,812,105	
Average Total Income (\$)	15,696.22	32,069.20	48.9%
Average Employment Income (\$)	1,869.52	3,844.81	48.6%
Average Income Tax Paid (\$)	890.64	4,271.70	20.8%
Average Government Transfers Received (\$)	\$8,711.54	\$12,467.59	69.9%
Average OAS/GIS (\$)	\$6,262.24	\$6,285.34	99.6%
Average C/QPP (\$)	\$989.99	\$5,462.69	18.1%
Average Other Government Transfers (\$)	\$1,381.30	\$650.20	212.4%
<b>Total Amounts (\$ millions)</b>			
Government Transfers Received	\$1,528		
OAS/GIS Received	\$1,098		
C/QPP	\$174		
Other Government Transfers	\$242		

Source: Author's calculations using Statistics Canada, Census 2006 PUMF.

Note: Recent immigrants are those who arrived between 1987 and 2004. Elderly is defined as aged 65 years and over. "Elderly recent immigrants" includes sponsored parents and grandparents.

On the other hand, average other government transfers were actually higher. While Old Age Security/Guaranteed Income Supplement (OAS/GIS) was roughly comparable (\$6,262 compared to \$6,285 for other elderly), the residual other government transfer category which includes needs tested social assistance was higher (\$1,381 compared to \$650 for other elderly).

The similar level of OAS/GIS benefits received warrants some further explanation. Even though full Old Age Security payments are only available to those 65 and over who have resided in

Canada for 40 years before reaching their 65<sup>th</sup> birthday, the income-tested Guaranteed Income Supplement is fully available to those who qualify for the minimum OAS, which can be claimed after 10 years residence in Canada .<sup>6</sup> There are also some other income-tested allowances under the program. A large proportion of parents and grandparents thus are eligible to receive the GIS after meeting the residency requirements. For instance, a parent or grandparent coming to Canada before the age of 55 would qualify for the full GIS on reaching the age of 65, but only a reduced OAS benefit. Also other elderly are more likely than aged recent immigrants to have their OAS payments clawed back as a result of an income tax provision that recaptures OAS received by high income families (over an income range running from \$69,562 to \$112,772 in 2012 according to Service Canada, 2012).

The OAS/GIS payments to this group of elderly recent immigrants totaled \$1.1 billion per year in 2005 and other non-contributory transfers add another \$242 million per year, for a total transfer of \$1.3 billion per year to members of this proxy parents and grandparents group.

## **Health Costs**

The other main cost resulting from the parent and grandparent program is health costs. There has been much concern in Canada about the growing cost of health care resulting from the ageing of the Canadian population. This has sparked a number of studies including one by David Dodge and Richard Dion (2011), which was recently published by the C.D. Howe Institute. The information contained in this C.D. Howe study can be used to estimate the increased health costs likely to result from the admission of parents and grandparents (Table 2). The per capita cost for men aged 65-74 is \$7,330 (in 2008 dollars), \$12,690 for those aged 75-84, and \$20,730 for those age 85 and over. This sums to a cost of over \$200,000 over a 20-year assumed lifespan for men from 65 to 84. The per capita cost for women is \$6,400 from age 65-74, \$12,080 from 75-84, and \$23,360 for 85 and over. This totals to a slightly lower, but still substantial, cost of \$184,800 over a 20-year assumed lifespan for women from 65 to 84. And this doesn't even include the health care costs incurred by the parents and grandparents before they reach the age of 65.

Taking into account the lower average health cost of women, and again assuming that the parents and grandparents admitted under the program live for 20 years after they reach age 65, the admission of the parent and grandparent backlog of 165,000 would cost Canada an average of \$1.6 billion per year or \$31.8 billion over a 20-year expected lifespan as a senior (Table 3). The 500,000 parents and grandparents expected by the Government to apply by

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<sup>6</sup> Bill C-428, a private member's bill, which would reduce the residency requirement for OAS to 3 years, was introduced by Ruby Dhalla, Liberal Member for Brampton-Springdale in the last Parliament, but did not pass.

2020 (including the 165,000 in the backlog) would cost Canada \$4.8 billion per year or \$96.3 billion over their 20-year lifespan. And the 473,342 already admitted between 1987 and 2010 could cost \$4.6 billion per year or \$91.1 billion over an assumed 20-year post age 65 period (assuming, of course, they all stayed in Canada).

The additional health care costs resulting from the admission of parents and grandparents are significant even in relation to the enormous total spending on health care in Canada, which is projected by the Canadian Institute of Health Information to reach \$200.5 billion in 2011 (Canadian Institute for Health Information, 2011, p.2). The additional health care costs represent an unnecessary additional burden to a healthcare system that is already creaking under the weight of an ageing Canadian population and that Canada is unlikely to be able to continue to afford.

**Table 2: Annual Per Capita Health Care Cost**

	Men	Women	Avg.
<b>65-74</b>	7,330	6,400	6,865
<b>75-84</b>	12,690	12,080	12,385
<b>Total</b>	200,200	184,800	192,500

**Source:** The annual Health Care Costs are taken from Dodge and Dion (2011, p.6).

**Table 3: Estimated Additional Health Care Cost Resulting from Sponsored Parents and Grandparents**

	Number Admitted from 1987 to 2010	Backlog in Nov. 2011	Potential Admissions by 2020 including Backlog
<b>Number</b>	473,342	165,000	500,000
<b>Cost Annual (\$ billions)</b>	\$4.6	\$1.6	\$4.8
<b>Cost over Assumed 20-year Post Age 65 Lifetime (\$ billions)</b>	\$91.1	\$31.8	\$96.3

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**Note:** The additional annual Health Care Costs are estimated by multiplying the assumed number of parents and grandparents by the annual per capita costs estimated by Dodge and Dion and the Lifetime costs are the annual costs times 20, assuming a 20-year lifetime after age 65.

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### **Summary of Costs**

Taking into account the \$1.3 billion per year increase in transfer payments to parents and grandparents (in 2005) and the \$4.6 billion extra health care spending, and allowing for growth in numbers and costs, the annual fiscal costs of the parent and grandparent program to all levels of government in Canada could easily exceed \$6 billion per year. Bringing in the 165,000 individuals in the backlog and the expected increase in numbers applying to 500,000 (including the 165,000) would double the fiscal costs from the \$6 billion estimated.

Given the substantial fiscal cost implications of the parent and grandparent program, it is surprising that the Auditor General of Canada has not yet raised any alarm bells about the program in his annual report. The hidden costs of the parent and grandparent program are every bit as real as those of other Government programs and much higher than most. It is thus definitely something that merits the Auditor General's attention given that it is likely to exacerbate the problems resulting from the ageing of the Canadian population, perhaps even becoming the straw that breaks the camel's back.

### **Illustrative Examples of the Potential Subsidy for Individual Immigrant Families**

Many Canadians have trouble understanding the meaning of multi-billion dollar cost estimates. Some illustrative examples of the potential benefits to individual immigrant families can help to give them a better grasp of the magnitude of the subsidies by putting the figures in the perspective of their own household budgets. For instance, an immigrant family that brings in one parent or grandparent might benefit from subsidized health care worth \$9,600 per year during the senior years of the sponsored parent. The parent might also get income support worth on average \$7,644 (\$6,262.24 OAS/GIS plus \$1,381.30 other government transfers). Together this adds up to a total health and welfare benefit of \$17,244 per year, which over a 20-year life time as a senior would equal \$344,880. And if an immigrant family were able to bring in all four parents of both the husband and the wife, or perhaps a grandparent if one of

the parents can't come, the total fiscal benefit would equal \$1,379,520 over the assumed 20-year post-age-65 life of the parents.

The subsidy provided to attract immigrants to Canada is very large, particularly given that the immigrants themselves are not able to earn enough to pay their own share of government benefits (Grubel and Grady, 2011). It is equivalent to a huge lottery pot. Is it any wonder that the so many immigrants are applying to sponsor their parents and grandparents? And how can this be fair to other Canadians who are not eligible for comparable benefits, but instead are left with the expensive tab?

### **A Modest Proposal to Eliminate the Growing Costs of the Parent and Grandparent Program**

While this proposal is definitely not going to be a big vote getter in the short run, particularly in the immigrant community, and thus is not likely what the Government wants to hear in its consultations on how to redesign the parent and grandparent program, it is what needs to be done to stem the mounting fiscal costs of the program. The politically unpalatable facts are that the only way to make the parent and grandparent program "sustainable in the future" and to "avoid future large backlogs and be sensitive to fiscal constraints" is to drastically pare the numbers of parents and grandparents admitted and/or to shift the costs of the income support of the parents and grandparents and their health care back on to the shoulders of their sponsors.

The way to do this is to make the sponsors themselves personally responsible for the support and health care of their parents and grandparents. And just specifying this in the sponsorship agreement is not enough as the Government should have painfully learned from the difficulties it has encountered in trying to recover from sponsors the social assistance paid to sponsored immigrants, which has often resulted in long-drawn out and ultimately financially unsuccessful legal actions. If people just don't have the money, it can be impossible for the Government to collect. For this reason, it will be important to admit the parents and grandparents under special visas that do not entitle them to all the benefits available from Canada's generous social and health programs. Instead, the sponsors should be required to purchase life annuities for their parents and grandparents providing them with a minimum level of lifetime income supports and to buy health insurance, perhaps from a special risk pool established by the Government for that purpose to ensure coverage. In addition, individuals should only be eligible to enter the country under the parent and grandparent program if they are 65 or older.

This requirement plus the special nature of their status under a non-immigrant visa will preclude the possibility of chain migration.

But, of course, nothing should prevent a parent or grandparent from coming to Canada under any other immigration program provided they can demonstrate that they can make a substantial enough economic contribution to Canada to merit their admission.

By the way, the new 10-year multiple entry visa, which will allow parents and grandparents to remain in Canada for up to 24 months at a time without having to renew their status, should provide a reasonable alternative to immigration for most immigrants families. It will enable families to keep in even closer touch with their parents and grandparents through regular visits. However, the Government will have to make sure that the requirements of “private Canadian medical insurance,” and “financial support from a child or grandchild in Canada who meets a minimum income threshold” are rigorously enforced. If too many parents and grandparents are admitted without adequate health insurance and income, there will be growing demands on humanitarian and compassionate grounds to change their status to permanent residents so that they will be able to qualify for the generous healthcare and income support available to all Canadians. This will defeat the purpose of the original requirements.

## **Conclusion**

Offering the sponsored parents and grandparents of immigrants a total health and welfare benefit of \$17,244 per year, which over a 20-year life time as a senior would equal \$344,880, is clearly not fiscally responsible. The cost of living and health care is generally much higher in Canada than in the immigrant’s country of origin. But it is more than offset by the generous Government subsidies provided to the elderly in Canada, contributing to a spiralling increase in sponsorship applications.

The Government has belatedly recognized that the parent and grandparent program is costly and changes must be made. But, so far, the Government has avoided making the politically hard decisions necessary to stem the growing costs of the program. The most it is willing to do at the current juncture is to put a “pause” on new applications and embark on consultations about the issue.

This paper shows that a large-scale parent and grandparent program is neither necessary nor desirable given advances in transportation and communication and the higher costs of living and health care in Canada. It also quantifies the income support and healthcare costs of the program which easily add up to more than \$6 billion per year and, if continued, could double



over the balance of the decade. A cost of this magnitude should raise a red flag for the Auditor General.

The solution proposed here is to scale back the size of the program and only to make it available to those parents and grandparents whose progeny are financially capable of paying their required income support and healthcare costs. The parents and grandparents should also be given a special visa, which, while giving them permanent status, does not make them eligible to sponsor other relatives, claim social or health benefits, or become citizens. And parents and grandparents should have to be aged 65 or over to qualify for the program.

The new 10-year multiple entry visa, which will allow parents and grandparents to remain in Canada for up to 24 months at a time, should be more than adequate for families to keep in touch and should not result in a fiscal burden if the medical insurance and income support requirements are enforced. Nevertheless, the new visa will have to be carefully monitored to make sure it is not abused as all too many poorly administered programs have been in the past.

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