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HOW A FAIR LICENSING ACT CAN PUT IMMIGRANTS' TALENTS TO FULL USE FOR CANADA

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FOREWORD

It's cliché to point out that immigrant doctors drive taxis.

The fact that it's cliché – unremarkable, common knowledge – is a collective embarrassment for Canada, and a critical vulnerability to our success.

As Kareem El-Assal establishes in this timely, original report, discrimination in the foreign qualification recognition (FQR) process has been publicly discussed since at least 1966. Since then, Canada has eradicated smallpox, patched the ozone layer, invented the smartphone, enacted marriage equality, and delivered affordable childcare. I remain suspicious of anybody attributing the persistence of FQR discrimination to the complexity of the challenge.

Mr. El-Assal paints a simpler picture. Licensing bodies routinely discriminate against internationally trained professionals, mandating assessments that give little indication of an applicant's competence and sometimes imposing impossible requirements, like making Canadian experience a condition of licensure but requiring a licence to obtain Canadian experience. Provinces regulate these regulators and prohibit such discrimination but routinely ignore their own laws. Well-intentioned advocates have spoken up but fallen short, mustering only marginal reforms that have not reduced the immigrant overqualification rate. It continues to rise.

It's past time for a brand-new approach that can succeed where past efforts have failed. The Fair Licensing Act proposed in this paper is designed to do just that, with the potential to eradicate FQR discrimination in all fields, in all provinces, all at once.

Canada cannot afford to wait.

Refusing to employ qualified immigrants doesn't just hurt immigrants. It hurts all Canadians. Nearly 28,000 people died in 2024 awaiting medical care. 6.5 million Canadians lack a family doctor. Mr. El-Assal shows how eliminating FQR barriers would inject 27,000 nurses and 16,000 doctors into our ailing health care system. Keeping this talent on the sidelines is an epic triumph of self-defeat.

Congratulations to Mr. El-Assal for this exceptional paper. Immense thanks to Dr. George Carothers for his visionary leadership of this initiative. Thanks also to the many experts who reviewed this paper and made it stronger.

Immigrants bring immense talents to Canada. With our economy under pressure and our sovereignty under threat, we simply cannot afford to keep wasting qualified talent.

In a successful future, immigrants' exceptional contributions to medicine, engineering, and other professions will become cliché. And not a moment too soon. The taxis will soon drive themselves.

Daniel Bernhard
CEO, Institute for Canadian Citizenship

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EXECUTIVE SUMMARY

A \$50 BILLION HOLE IN THE CANADIAN ECONOMY

Almost 26 per cent of degree-holding immigrants—roughly 640,000 people—are overqualified for their current employment. The underemployment rate for their Canadian-born counterparts is just 11 per cent. This translates into a disproportionate number of immigrant physicians working as security guards, engineers driving for ride-share apps, and nurses sorting packages in warehouses.

This waste of talent hurts all Canadians, not just immigrants. For example, while 6.5 million Canadians lack a family doctor, just 41 per cent of internationally trained physicians and 37 per cent of internationally trained nurses are working in their respective fields in Canada. Likewise, housing construction must double to meet demand and restore affordability. Yet 700,000 skilled tradespeople are set to retire by 2028. Many of the needed workers are already in Canada, but the system is failing to deploy them.

RBC estimates that foreign qualification recognition barriers and related immigrant employment challenges cost Canada as much as \$50 billion in lost economic potential annually. Canada's labour productivity is already among the worst in the OECD, and FQR barriers are a significant contributing factor. Though these barriers have been known about since at least 1966, and though many have tried valiantly to remove them, too many FQR processes still include discriminatory practices that keep qualified immigrant professionals from contributing to Canada's success to the fullest of their abilities.

WHAT IS FOREIGN QUALIFICATION RECOGNITION?

Foreign qualification recognition (FQR) is the process by which academic credentials, professional experience, and occupational qualifications obtained abroad are assessed and validated against Canadian standards. Before a doctor trained in Egypt, an engineer trained in Brazil, or a nurse trained in the Philippines can practice in Canada, they must navigate a labyrinth of requirements established by one of roughly 500 self-governing licensing bodies distributed across ten provinces and three territories. FQR is not merely bureaucratic red tape. Its purpose is to uphold public safety and professional standards while enabling skilled and qualified newcomers to contribute fully to the Canadian economy. In this respect, FQR is critical to maintaining and expanding Canada's social safety net, infrastructure development, and broader economic activity. Yet in practice, the system does not function as intended.



DISCRIMINATION IS BAKED INTO THE SYSTEM

In many cases Canada's FQR barriers are discriminatory as they prevent people from practicing a profession for reasons other than their ability to do so safely. Research by RBC found that simply controlling for where a degree was earned eliminates the entire occupational mismatch gap for medical and dental graduates, meaning the problem is credential devaluation, rather than a genuine skills deficit. One of the most glaring barriers is the notorious "Canadian work experience" requirement. This Catch-22 demands Canadian experience before granting a licence, even in cases where a licence is required to obtain Canadian experience. The Ontario Human Rights Commission declared this practice discriminatory in 2013, yet it remains prevalent.

Other well-documented barriers include opaque and unevenly applied assessment processes, re-credentialing costs running to tens of thousands of dollars, and lower callback rates for resumes with foreign-sounding names, reflecting systemic bias.

THE CASE FOR A BOLD NEW APPROACH

Since the issue of FQR discrimination was raised in 1966, many have tried to address these barriers. Yet despite genuine efforts, these initiatives have largely failed to move the needle. After four decades of effort to solve Canada's FQR challenge, the overqualification rate among immigrants has grown, not declined.

It is time for a fresh approach capable of driving change across all professions, in all provinces, simultaneously.

THE FAIR LICENSING ACT

This report proposes a federal Fair Licensing Act, modelled on the Canada Health Act. Like health care, professional licensing falls under provincial jurisdiction, yet the Canada Health Act demonstrates that federal spending power can set national standards and incentivize provincial compliance while retaining jurisdictional autonomy.

The Fair Licensing Act would establish the criteria that provinces and territories must enforce upon the professional licensing bodies they supervise. Compliant provinces would receive an accompanying Canada Fair Licensing Transfer. The Fair Licensing Transfer would be a meaningful, long-term federal funding commitment tied to measurable outcomes.

KEY PERFORMANCE INDICATORS WOULD INCLUDE:

- The proportion of internationally trained professionals licensed and employed in their fields.
- Timeliness of assessment decisions across all regulated professions.
- Elimination of discriminatory barriers such as Canadian work experience requirements.
- Cross-provincial harmonization of licensing standards to improve labour mobility.
- Quality and consistency of data collection on immigration, licensure, and employment outcomes.

Provinces and territories that comply will receive the transfer, while those who do not comply will not receive the funding. Additional levers, such as increases or reductions to Provincial Nominee Program allocations, could reinforce the incentive structure.

To oversee the legislation, a Fair Licensing Act Division would be established within Employment and Social Development Canada, producing a mandatory annual report tabled before Parliament. A Fair Licensing Act Secretariat within the Forum of Labour Market Ministers would coordinate federal-provincial cooperation, negotiate KPIs, and give licensing bodies, employers, educators, and internationally trained professionals a formal voice in implementation.

While the Fair Licensing Act is not a silver bullet, it is an ambitious proposal that can address the protracted challenge of FQR at scale, and it is specifically designed to sidestep shortcomings that have felled so many other well-intentioned but ill-fated proposals to fix FQR discrimination—particularly the challenges of piecemeal adjustments that affect one profession in one province, over-reliance on voluntary compliance, and inconsistent enforcement of existing provincial laws that notionally prohibit many discriminatory FQR practices. Canada faces many challenges at present, and in many cases, the talent that is needed to address these challenges is already here. It is time to stop wasting it.



RECOMMENDATIONS

- 1.** Following consultations with federal, provincial, territorial, and other key stakeholders, draft a Fair Licensing Act, modelled upon the Canada Health Act, which rewards provinces and territories that effectively and comprehensively remove barriers preventing qualified immigrants from practising in their fields while withholding funds from provinces that do not comply.
- 2.** Develop an accompanying Canada Fair Licensing Transfer with measurable and objective key performance indicators.
- 3.** Identify additional incentives and penalties to enforce compliance with a Fair Licensing Act. As an example, compliance with a Fair Licensing Act could also result in a jurisdiction seeing an increase to their Provincial Nominee Program allocation.
- 4.** Establish a Fair Licensing Act Division within Employment and Social Development Canada (ESDC) and produce a Fair Licensing Act Annual Report that is presented to Parliament annually.
- 5.** Form a Fair Licensing Act Secretariat within the Forum of Labour Market Ministers.

HOW THE FAIR LICENSING ACT CAN HELP ADDRESS CANADA'S LONGSTANDING FQR SHORTCOMINGS

CHALLENGE	WHY IT EXISTS	HOW THE FAIR LICENSING ACT ALLEVIATES THE CHALLENGE
Scale and pace	The pace and scale of improvements in FQR practices are not keeping pace with the growth in numbers of immigrants who are trained in regulated professions and trades.	The Act would introduce scalability as one of its criteria to incentivize provinces and territories to pursue initiatives that help larger numbers of immigrant professionals.
Voluntary implementation	Today, FQR reform depends on voluntary cooperation from many different stakeholders including provinces, regulators, employers, and educators.	Pursuing FQR improvement would become federal law, with the federal government able to incentivize compliance through the Canada Fair Licensing Transfer, and also penalize non-compliance by withholding funds.
Fragmentation	The sheer number of stakeholders involved in FQR results in vastly different assessment processes and licensing standards across Canada.	Introduce KPIs under the Canada Fair Licensing Transfer that provide monetary incentives for provinces to work together on standardizing registration criteria and pathways, sharing good practices, pursuing mutual assessment and recognition agreements, and reducing duplicative criteria.
Lack of capacity	Funding and human resources constraints limit the speed of FQR reform.	The Canada Fair Licensing Transfer would provide consistent and predictable funding to provinces to increase FQR capacity.
Lack of data	Data collection efforts often depend on voluntary cooperation, and the extent of immigration, licensing, and labour market data collection and analysis is inconsistent across the country.	Improved data collection and reporting would be standardized and supported through federal funding, so objective criteria could be used to track outcomes and administer the Canada Fair Licensing Transfer.

INTRODUCTION

Despite operating a competitive economic immigration program that seeks to select extremely qualified candidates, Canada continues to struggle with putting these qualified immigrants' skills to full use in the economy. Persistent challenges with foreign qualification recognition (FQR) are a major contributing factor, as has been known for decades. The federal White Paper on Immigration, released in 1966, notes: "It must be hoped that this problem will be overcome as the leaders of public opinion come to recognize the economic advantage of more mobility, particularly among professional people and skilled workers, both nationally and internationally."¹

Over the past 60 years, however, the scale of this problem has only grown. Despite various federal and provincial initiatives to address FQR barriers, in addition to Canada's clear international commitments to ensuring fair, transparent, and timely credential recognition, underemployment among immigrant professionals has increased.² This results in significant lost economic potential and contributes to labour shortages in critical professions such as health care and the skilled trades, at a time when Canada is experiencing a declining birth rate and aging population while facing an acute need for more workers to alleviate the challenges of ever expanding health care wait times and stubbornly persistent housing unaffordability. It also highlights the urgent need for more innovative solutions to address FQR at scale.

WHAT IS FOREIGN QUALIFICATION RECOGNITION?

FQR refers to the process of assessing and validating academic credentials, professional experience, and occupational qualifications obtained abroad against Canadian standards for professional registration (or licensure) in regulated occupations.³ The goal of FQR processes is to ensure that internationally trained individuals can contribute their skills and expertise to the Canadian economy, while also maintaining public safety and professional standards.

¹ Canadian Museum of Immigration at Pier 21, White Paper on Immigration, 1966.

² Statistics Canada, Table 14-10-0087-01 "Labour force characteristics of immigrants by educational attainment, annual."

³ The term "registration" is officially recognized and frequently used by regulatory bodies. This report will use the more colloquially used terms "licensure", "licensing bodies", etc.

KEY ASPECTS OF FQR INCLUDE:

- **Credential assessment:** Evaluating degrees, diplomas, and certificates to determine their Canadian equivalency.
- **Work experience validation:** Assessing the relevance and equivalency of international work experience.
- **Competency assessment:** Evaluating knowledge, skills, and behaviours in relation to the requirements of a given profession.
- **Professional requirements for registration:** Meeting the specific licensing or certification requirements set by regulatory bodies for regulated professions. This may involve examinations, supervised practice, general or profession-specific-language proficiency tests, and demonstration of competency.



In 2009, federal, provincial, and territorial governments introduced A Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications. The goal of the framework is to articulate a joint vision for governments to take concerted action to improve immigrants' integration into Canada's labour market.

THE PAN-CANADIAN FRAMEWORK'S FOUR GUIDING PRINCIPLES ARE:

- 1. Fairness:** Criteria for determining recognition of qualifications are objective, methods used for assessing qualifications are necessary, Canadians and immigrant applicants are treated equally with regards to requirements that must be demonstrated to achieve qualification recognition, assessment results clearly explain the rationale for the decision that has been taken, and assessment processes are efficient and avoid duplication.
- 2. Transparency:** Requirements for applying to a specific occupation and assessment methods and criteria for the recognition of international qualifications are comprehensive, easy to understand, and widely accessible to immigrants.
- 3. Timeliness:** Assessment and recognition of international qualifications as well as the communication of assessment decisions are done promptly and efficiently.
- 4. Consistency:** Assessment methods and criteria for specific regulated occupations are mutually acceptable in each province and territory so the results of assessment processes are mutually recognized.

Regulated occupations and their licensing bodies are largely controlled by provincial and territorial laws, which stipulate that anybody practising professions such as law, medicine, accounting, nursing, the skilled trades, and certain other fields must be licensed by a provincially accredited regulatory body.

But while these regulators ostensibly allow for globally trained professionals to become licensed in Canada, a significant percentage of qualified immigrant professionals remain excluded from their professions due to FQR challenges.

Professional bodies are regulated by provincial governments, but oversight is very difficult in practice. Self-governing regulatory bodies in each province set their own rules for licensing which can present challenges for immigrants who are asked to navigate disparate licensing requirements and processes. Even within provinces, different professions apply very different procedures and standards for licensing. The highly decentralized nature of the licensing process complicates oversight and makes it difficult to guarantee fair and equitable treatment for immigrants. The existence of approximately 500 regulators across Canada hinders provincial and territorial governments' ability to ensure that regulatory bodies' practices are consistently equitable, competency-based, and free from discrimination.

Although the federal government does not have a formal constitutional role in licensing, it does have various levers that it can use to ensure licensing is consistently fair across Canada. These include the ability to convene provincial and non-government stakeholders to pursue licensing improvements. The federal government can also incentivize or disincentivize provincial behaviour by offering funding—or withholding it—an authority which has been upheld by the Supreme Court of Canada.⁴

One existing example of this approach is the Canada Health Act. Like licensing, health falls under provincial jurisdiction. But the Canada Health Act enumerates principles that provinces must follow to receive federal health transfer payments, effectively allowing the federal government to ensure more unified national standards upon an area of provincial jurisdiction. If a similar legislative framework for transfer payments could be made available to enact licensing fairness standards, Canada could quickly realize significant gains by putting its immigrant professionals' skills to full use in areas of significant need, like health care.

The purpose of this report is to outline how new federal legislation—modelled after the Canada Health Act and associated Canada Health Transfer—could be used to incentivize provincial stakeholders to implement fairer, faster and more standardized licensing measures across Canada to better maximize the economic impact of immigrant talent nationally.

⁴ Reference Re Canada Assistance Plan (B.C.), 1991 CanLII 74 (SCC), [1991] 2 SCR 525.

WHY IS FQR CHALLENGING?

Broadly speaking, FQR in Canada is complex because of jurisdictional and social factors. The Constitution Act, 1867 largely explains FQR's jurisdictional challenges. Section 92 (13) gives provinces and territories jurisdiction over the licensing of most regulated occupations,⁵ which means a given profession typically has at least 10 separate regulators across Canada performing similar functions but operating under distinct procedures and standards. This creates a highly fragmented system featuring a large number of actors, each of whom play multiple roles in FQR. As noted by Employment and Social Development Canada, FQR involves "nearly 500 professional regulatory authorities and numerous credential assessment bodies in Canada, as well as hundreds of post-secondary and vocational institutions and countless numbers of employers, immigrant-serving agencies, and most importantly, immigrants and other internationally trained workers."⁶

There are also serious jurisdictional clashes at play. For instance, while immigration policy is under federal jurisdiction, the provinces have exclusive legislative authority for education, licensure, and employment. Ultimately, this results in a highly complex landscape of policy subsystems for immigrants seeking licensure in Canada, with particularly significant implications for those who were initially granted permanent residence by the federal government on the basis of their education and training.

HOW ARE IMMIGRANTS HELD BACK BY FQR?

FQR can impose significant barriers that prevent qualified immigrants from contributing the skills for which Canada selected them for admission. For example, a skilled immigrant seeking licensing in a regulated occupation may be asked to spend tens of thousands of dollars to go through a lengthy accreditation process and exams that may have varying degrees of relevance to the task of assessing their capacity to practice their profession safely. They may also be required to repeat an expensive English or French proficiency exam they already completed as a requirement for immigration. Immigrants must incur these costs when their resources are extremely strained; earnings tend to be significantly lower when immigrants cannot work in their profession. Decision-making processes and rationale for assessment decisions may also be opaque.



SOME OF THE MOST COMMON BARRIERS FOR IMMIGRANTS INCLUDE:

- **“CANADIAN WORK EXPERIENCE”.**

Some regulators and employers set Canadian work experience as a prerequisite for licensure or employment, yet newcomers cannot acquire that experience without first being licensed or hired. In 2023, 58 per cent of recent newcomers reported difficulty finding work commensurate with their credentials, with insufficient Canadian experience cited among the leading obstacles.⁷ This circular logic effectively locks qualified immigrants out of their professional fields, regardless of the depth and relevance of the experience they bring from abroad.

- **INFORMATION GAPS AND LENGTHY ASSESSMENT TIMELINES.**

Many newcomers arrive in Canada without reliable pre-arrival information about licensing requirements, assessment timelines, expected costs, or success rates—particularly given the variation in requirements across provinces and professions.⁸ Convoluted pathways to licensure along with multi-year assessment timelines push many qualified workers into survival employment, driving professional attrition and long-term skills loss.⁹



⁵ Law Society of British Columbia v. Mangat, [2001] 3 S.C.R. 113, 2001 SCC 67

⁶ Employment and Social Development Canada, A Pan-Canadian Framework.

⁷ Mahboubi and Zhang, Harnessing Immigrant Talent

⁸ Employment and Social Development Canada, Evaluation of the Foreign Credential Recognition Program, 2025

⁹ World Education Services & Canadian Federation of Nurses Unions, Bolstering Pathways to Practice

- **FINANCIAL COSTS OF RE-CREDENTIALING.**

The cumulative costs of re-credentialing, including exam and registration fees, document translation, and bridging program tuition, can total several thousand dollars per applicant.¹⁰ For immigrants without a Canadian credit history, financing these costs presents a challenge in itself. These financial barriers disproportionately exclude refugees and women with caregiving responsibilities, while also extending the period of underemployment during which professional skills risk atrophying. For many internationally trained professionals, the financial burden of re-credentialing is a significant deterrent to pursuing full licensure in Canada.¹¹

- **DEVALUATION AND NON-RECOGNITION OF FOREIGN CREDENTIALS.**

Employers and regulators often discount foreign-earned degrees and work experience even after an educational credential assessment (ECA) has been completed. HR managers are often unfamiliar with ECAs and tend to be most skeptical of credentials from non-Western source countries, amplifying inequities that the credential assessment process was intended to address.¹² Research by RBC found that controlling for location of study eliminates the entire occupational mismatch gap for medical and dental graduates, suggesting that credential devaluation, rather than a genuine skills deficit, is a binding constraint.¹³

- **DISCRIMINATION, SYSTEMIC BIAS, AND SOURCE-COUNTRY DIFFERENTIALS.**

Statistics Canada data indicate that the probability of persistent overqualification reaches 20 per cent for immigrants educated in Southeast Asia and 18 per cent for those educated in South Asia—far higher than rates observed for European-trained immigrants.¹⁴ Lower callback rates for resumes with foreign-sounding names and employer unfamiliarity with international institutions reflect the systemic biases that extend well beyond the formal credential recognition process.¹⁵

- **GRADUATE-LEVEL ASSESSMENT TOOLS FOR EXPERIENCED PROFESSIONALS.**

Certain regulated fields can require internationally trained candidates to pass exams intended for recent graduates, even as experienced professionals. For internationally trained physicians, for example, this can include the Medical Council of Canada Qualifying Examination Part 1 (MCCQE1), which assesses knowledge “at a level expected of a medical student completing their medical degree in Canada.”¹⁶ The efficacy of the MCCQE1 as an assessment tool has been challenged, as evidence shows that physicians’ performance on broad-based qualifying exams declines with years since graduation, as practice reinforces specialty knowledge while less-used content fades, meaning the standard imposed on internationally trained physicians is one that many experienced Canadian trained doctors could not readily meet.¹⁷

Barriers to FQR and immigrant labour market integration more generally have considerable negative impact on immigrants’ economic outcomes, but also on Canada’s productivity and potential. Look no further than Canada’s healthcare system, which is strained by labour shortages, where only 41 per cent of internationally trained physicians and 37 per cent of internationally trained nurses are working in their respective field.¹⁸

10 Mahboubi and Zhang, Harnessing Immigrant Talent

11 Turin et. al, Alternative Careers toward Job Market Integration

12 Banerjee et. al, Evaluating Foreign Skills: Effects of Credential Assessment on Skilled Immigrants’ Labour Market Performance in Canada

13 Jansen and Fan, Proof Point: Canada is Failing to Put Immigrant Skills to Work

14 Cornelissen and Turcotte, Persistent overqualification among immigrants and non-immigrants

15 Hajian and Randall, Evolving Global Migration Trends

16 College of Physicians and Surgeons of Manitoba, Eliminating exam requirement removes major barrier Liu et. al, Medical knowledge decline: the role of active usage

17 Statistics Canada, Canada leads the G7 for the most educated workforce

18 Statistics Canada, “Infographic 3: Immigrants with a foreign degree are twice as likely to be overqualified as those with a Canadian degree.”

WHAT ARE THE COSTS OF FQR AND OTHER LABOUR MARKET INTEGRATION BARRIERS?

Statistics Canada's analysis of the 2021 Census estimates nearly 26 per cent of immigrants with an internationally obtained degree are overqualified in their current employment (licensed and unlicensed occupations alike), compared with about 11 per cent of the Canadian-born population.¹⁹ This indicates that nearly 640,000 immigrant degree holders are overqualified,²⁰ a figure that would be much lower—about 270,000 people—if the immigrant overqualification rate were the same as that of Canadian-born degree holders. A 2019 study from World Education Services also found that immigrants in regulated occupations were significantly less likely to be working in commensurate employment than those in unregulated professions, highlighting the disproportionate impact of FQR barriers on individuals in regulated occupations.²¹

LOWERING THE IMMIGRANT OVERQUALIFICATION RATE TO MATCH THE NATIONAL RATE HAS THE POTENTIAL TO ADD 27,000 NURSES AND RELATED PROFESSIONS AND NEARLY 16,000 MEDICAL DOCTORS TO CANADA'S WORKFORCE.²² THIS ILLUSTRATIVE EXAMPLE UNDERSCORES THE WAY IN WHICH IMMIGRANT UNDEREMPLOYMENT IMPACTS ALL CANADIANS, CONSIDERING THAT 6.5 MILLION CANADIANS DO NOT HAVE ACCESS TO A FAMILY DOCTOR.²³

¹⁹ Statistics Canada, "Infographic 3: Immigrants with a foreign degree are twice as likely to be overqualified as those with a Canadian degree."

²⁰ Author's calculations based on: Statistics Canada, Table 98-10-0430-01 "Highest level of education by major field of study, visible minority and immigrant status."

²¹ World Education Services Canada, "Who is succeeding in the Canadian labour market?"

²² Statistics Canada, "Infographic 3: Immigrants with a foreign degree are twice as likely to be overqualified as those with a Canadian degree."

²³ Pham and Kiran, "More than 6.5 million adults in Canada lack access to primary care."

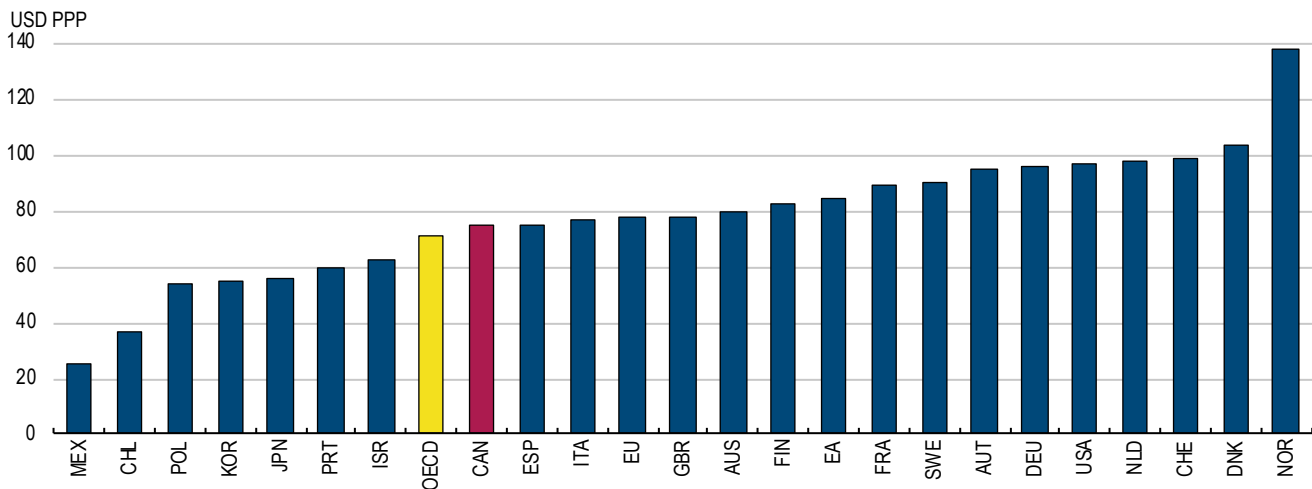


In economic terms, RBC estimates that FQR and other immigrant employment barriers for both licensed and unlicensed professionals contribute to as much as \$50 billion in lost economic benefits annually.²⁴ A 2015 study by the Conference Board of Canada concluded that the lost economic impact of such barriers had tripled since 2001.²⁵ Given that immigrants comprise some 28 per cent of the labour force, the inability to fully harness immigrants’ skills helps to explain why Canada underperforms relative to other OECD countries on key productivity measures, such as labour productivity.²⁶ (See Chart 1).

CHART 1: CANADA'S LABOUR PRODUCTIVITY IS AMONG THE WORST IN THE OECD

Source: OECD.

GDP per hour worked, current prices and current PPPs, 2024 or latest



Housing provides another example of how FQR barriers can impact all Canadians, not just immigrants. The Canada Mortgage and Housing Corporation (CMHC) estimates that housing starts must double to around 430,000 to 480,000 units per year until 2035 to meet projected housing demand and help restore affordability.²⁷ However, Canada faces trades worker shortages amid some 700,000 skilled tradespeople set to retire by 2028.²⁸ Both of these challenges—lack of access to doctors and lack of access to skilled tradespeople—are partially a function of Canada’s labour market’s inefficiency in allocating workers to where their skills are in most demand. Improving FQR can help to alleviate labour shortages in both these fields.

Moreover, FQR barriers may also be harming Canada’s economic competitiveness in immeasurable ways. Immigrants are leaving Canada in record numbers, with the most highly skilled immigrants most likely to leave.²⁹ According to a survey by Ipsos and the Institute for Canadian Citizenship, financial pressure is the main reason immigrants give up on Canada.³⁰ Research indicates underemployment has significant mental health costs for immigrants, too.³¹ This suggests that FQR challenges may also be exacerbating pressures on Canada’s already strained health care system.

24 Agopsowicz and Billy-Ochieng, *Untapped Potential*.

25 Grant, *Brain Gain 2015*.

26 Statistics Canada, Table 14-10-0472-01 “Labour force characteristics of immigrants, annual”; OECD, *OECD Economic Surveys: Canada 2025*.

27 Canada Mortgage and Housing Corporation, *Canada’s Housing Supply Shortages*.

28 Government of Canada, “Government of Canada invests to help Canadians enter skilled trades.”

29 The Conference Board of Canada, *The Leaky Bucket 2025*.

30 ICC & Ipsos, “Reducing number of newcomers to Canada misses the real issue.”

31 Shankar et. al, “Mental health challenges of recent immigrants.”

WHAT FQR PROGRESS HAS BEEN MADE?

Stakeholders, including federal and provincial governments and accreditation and licensing bodies, have made efforts to improve FQR—especially in recent years. The following discussion outlines important developments and their impacts, as well as some of the limitations.

PAN-CANADIAN FRAMEWORK

The Forum of Labour Market Ministers, which comprises both federal and provincial ministers, launched A Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications in 2009. It outlines a joint vision to advance the principles of fairness, transparency, timeliness, and consistency.

Although the Framework is not legally binding, it has been effective in mobilizing additional efforts towards improved FQR practices. For instance, it has established an aspirational six-month pan-Canadian commitment to timely services for target occupations.³² Regulators adhering to this commitment will communicate an initial assessment decision to internationally trained professionals within six months, which is key to helping them get licensed quickly, or to assist them with the additional steps they may need to take to complete the licensing process in reasonable time. Moreover, the speed is helpful to those individuals who may decide to pursue an alternative career pathway instead.

The Framework has also facilitated improvements to information sharing and the development of updated processes and exams to assess candidates more fairly and efficiently. Information sharing has improved markedly, with governments, licensing bodies, educational institutions, and others disseminating more online resources to help internationally trained professionals navigate the licensing process. These online resources also include tools like guides, self-assessments, checklists, and networking opportunities to help candidates gain a better understanding of how they can become licensed in Canada. For example, with financial support from Employment and Social Development Canada (ESDC), the Medical Council of Canada created an updated qualification exam that is now offered more frequently to assess the medical knowledge and clinical decision making of those who completed their medical studies abroad.³³

The Framework still has significant limitations. Foremost among them is the reliance on voluntary implementation by the provinces and licensing bodies. It does not carry any legal weight, which means consequences are limited if unfair practices persist and limited efforts are made to comply with the Framework's principles. In addition, adoption has been slow, arguably due to the need for stronger political will to more forcefully address FQR barriers. Consider, for example, that access to pre-arrival assessment processes for regulated professions remains fairly limited. As well, it has had limited utility in incentivizing harmonization of registration requirements, processes and pathways across provinces and territories.

³² Forum of Labour Market Ministers, A Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications: 10-Year Anniversary Report.

³³ Ibid.

FOREIGN CREDENTIAL RECOGNITION PROGRAM AND IRCC SETTLEMENT FUNDING

ESDC's Foreign Credential Recognition Program exists to improve FQR assessment and capacity across the country to help immigrants achieve their economic potential. Since 2015, ESDC has provided \$295 million in funding towards various initiatives that help reduce the FQR assessment time and costs for internationally educated professionals, including providing loans to help immigrants pay FQR-related expenses.³⁴ ESDC estimates the program has assisted approximately 40,000 people since 2018.

Immigration, Refugees and Citizenship Canada (IRCC) also invests in improvements to FQR. In July 2023, the department announced it was allocating \$3.2 billion over three years on settlement services outside of Quebec (which receives its own settlement funding from IRCC).³⁵ About 10 per cent of that funding goes to employment-related services for newcomers, some of which offer FQR and employment supports for professionals, such as information-sharing and training programs aimed to help immigrants find work in their fields.³⁶ IRCC's last public evaluation of its settlement program, released in 2017, concludes that "Employment-Related Services have the most widespread positive impact on client outcomes, including, among others, improved language skills and use, gaining knowledge of the Canadian work environment, and helping clients learn more about life in Canada."³⁷

While these dollar values are objectively significant, they remain insufficient to address FQR at scale. Given estimates that Canada loses tens of billions of dollars each year due to FQR and employment integration challenges, a strong business case can be made for even larger FQR investments to be made by both federal and provincial governments. Another limitation of ESDC and IRCC funding is that it is disbursed to many different initiatives nationally, which inherently blunts the scale of impact. Rather than concentrating spending to maximize return on investment, funding is spread thin and uncoordinated. This results in duplication and fragmentation, ultimately limiting the number of lives these initiatives can positively impact. Consider that while ESDC estimates around 40,000 people have benefited from its FQR programs over the past decade, approximately 640,000 immigrants still remain overqualified.

PROVINCIAL LEGISLATION

Over the past twenty years, provinces have gradually introduced legislation to increase scrutiny over the licensing practices of regulatory bodies. These fair registration practices acts, known colloquially as "Fairness Acts", are meant to ensure that licensing processes are transparent, objective, impartial, and fair. Originally introduced by Ontario in 2006, the legislation has since spread in varying forms to nine out of ten provinces (Prince Edward Island is the exception):

- **Ontario:** Fair Access to Regulated Professions and Compulsory Trades Act (2006)
- **Manitoba:** Fair Registration Practices in Regulated Professions Act (2007)
- **Nova Scotia:** Fair Registration Practices Act (2008)
- **Quebec:** An Act to create the office of Commissioner for complaints concerning mechanisms for the recognition of professional competence (2009)³⁸
- **Alberta:** Fair Registration Practices Act (2019)
- **Saskatchewan:** Labour Mobility and Fair Registration Practices Act (2022)
- **New Brunswick:** Fair Registration Practices in Regulated Professions Act (2022)
- **Newfoundland & Labrador:** Fair Registration Practices Act (2022)
- **British Columbia:** International Credentials Recognition Act (2023)

The Ontario legislation, for example, requires certain professional regulators to issue timely decisions, provide clear information on the registration process, and ensure that qualifications are assessed fairly. Though it does not apply to all professions (e.g. health professions are governed under the Regulated Health Professions Act, RHPA) and contains significant exceptions and loopholes, the law is clear proof that the province considers itself to have the authority to govern the way in which self-regulated professions conduct FQR.

Oversight mechanisms are a common feature of these laws. Some provinces have created offices led by commissioners to review the practices of licensing bodies as well as work with them to ensure licensing practices conform with the principles of the law. The offices also receive complaints from members of the public who believe their licensing process has been unfair. While fairness commissioners do not become involved in individual registration decisions, they are able to investigate if there is evidence of systemic issues.³⁹ Stakeholders convicted of not complying with legislative requirements can face penalties, such as fines. In Ontario, for example, an individual can face a penalty of up to \$50,000 while a corporation can be penalized up to \$100,000.⁴⁰ There is no publicly available data on how many such fines have been administered.

Some provinces also have additional legislation to support FQR as well as to address common barriers. For instance, one of the most common barriers for regulated and unregulated professionals alike, is the requirement for “Canadian work experience.” This requirement poses major challenges for immigrants who may already have substantial work experience abroad, but who lack equivalent experience in Canada. Ontario was the first province to have the Canadian experience requirement deemed as “discriminatory”, following a policy from the Ontario Human Rights Commission in 2013.⁴¹ In recent years, Ontario has passed two pieces of legislation that prevent regulators and employers from imposing Canadian work experience requirements.⁴² In July 2025, British Columbia also imposed restrictions preventing licensing bodies from requiring Canadian work experience for internationally trained professionals who meet the criteria of the *International Credentials Recognition Regulation*.⁴³ Broadly speaking, the criteria are that the candidate seeking licensing in BC is a member in good standing of an overseas licensing body for the same profession, and has practiced in the profession for at least two years.

A common criticism is that this kind of legislation lacks meaningful enforcement provisions for provinces to penalize illegal behaviour by licensing bodies and employers. It is unclear whether competent authorities use the powers at their disposal to enforce compliance. Not only do prohibited discriminatory practices clearly persist, but little information is publicly available on the number of fines that have been levied by provincial fairness legislation, who the recipients of the fines are, and what corrective action the penalized licensing bodies have taken.

³⁴ Government of Canada, “Question Period Note: Foreign Credential Recognition.”

³⁵ Immigration, Refugees and Citizenship Canada (IRCC), “Canada invests in services.”

³⁶ Employment and Social Development Canada, “Foreign Credential Recognition Program: Approved Projects.”

³⁷ IRCC, Evaluation of the Settlement Program.

³⁸ The act was amended in 2017 to broaden the powers of the Commissioner and to rename the office to “Commissioner for Admissions to Professions.” See: Government of Quebec, An act to amend various legislation.

³⁹ Ontario Office of the Fairness Commissioner, “Frequently Asked Questions.”

⁴⁰ Government of Ontario, Fair Access to Regulated Professions; Part VIII

⁴¹ Ontario Human Rights Commission, “Policy on removing the “Canadian experience” barrier.”

⁴² Government of Ontario, “Ontario Passes Fourth.”

⁴³ Government of British Columbia, “Canadian work experience requirements.”

INITIATIVES BY LICENSING BODIES AND OTHERS

LICENSING BODIES AS WELL AS OTHERS SUCH AS INDUSTRY ORGANIZATIONS, NON-PROFITS, AND EDUCATIONAL INSTITUTIONS, HAVE ALSO PURSUED FQR REFORM INITIATIVES. THESE INCLUDE:

- **NAVIGATION SUPPORTS & INFORMATION-PROVISION:** Navigating FQR processes, including understanding available training and accreditation options, and understanding licensing requirements, remains complex. However, it has recently become more common for regulators, accreditation bodies, or occupation-specific service providers to offer “roadmaps” online, notionally outlining how one can complete the licensure process, and offering information on obtaining assistance to better understand the journey before embarking upon it. One good example is the Alberta International Medical Graduates Association (AIMGA) ITP Hub, which provides pathway guides to licensure by province, and provides information sessions and general advice for internationally trained physicians. At the same time, the growing number of government entities, regulators, and other stakeholder groups providing information has resulted in a lack of coordination and greater fragmentation and confusion for internationally trained professionals. In addition, availability and transparency of information varies greatly by occupation and by province.
- **MUTUAL RECOGNITION AGREEMENTS AND APPROVED JURISDICTIONS:** Various regulators and industry bodies have mutual recognition agreements with international counterparts or identify some approved jurisdictions. This approach aims to streamline processes for internationally trained professionals to demonstrate they meet registration requirements. For instance, an internationally educated professional in good standing with an approved international licensing body and who meets other potential requirements, such as educational requirements, or having worked a minimum number of hours in the profession abroad, may find themselves eligible for a more streamlined licensing process in Canada. Professions in Canada with such agreements or policies in place include lawyers, accountants, engineers, architects, physicians, nurses, and those in the skilled trades, among other examples. Mutual recognition agreements and approved jurisdiction policies, however, remain limited by the number of licensing bodies that have pursued them, as well as the countries they include. This is typically a small number of countries deemed to have substantially similar educational systems to Canada (e.g., Australia, the UK, the US, and Europe). This offers little benefit to experienced professionals arriving from Canada’s main immigration source countries, which are predominantly situated in Asia, Africa, the Middle East, and Latin America.
- **COMPETENCY ASSESSMENTS:** Various licensing bodies have adopted competency assessments as a means of making the licensing process quicker and fairer for internationally trained professionals. They use assessment methods such as practical assignments, written exams, or assessing the candidate in a real work environment. One illustrative example is the Engineering and Geoscience Competency Assessment, developed by Engineers and Geoscientists BC, which assesses candidates for proficiency across several competency categories relevant to safe practice in the profession. In health occupations, models of supervised practice and assessment have been introduced, whereby internationally trained health professionals work under supervision for a defined period of time, during which time their clinical competence is assessed. One example is the Practice-Ready Assessment (PRA) model developed by the Medical Council of Canada. Some supervised clinical experience models, such as the Supervised Practice Experience Partnership (SPEP) program in Ontario, are designed as a way for candidates to both gain Canadian clinical experience and meet registration requirements, including language proficiency requirements. In general, however, the availability of competency assessments remains limited, due to factors including lack of familiarity with these models, or lack of capacity to implement this type of assessment.

- **PRE-ARRIVAL VIRTUAL EXAMS:** Regulators are increasingly offering virtual exams as a means of making the licensing process quicker and more convenient. This is not only beneficial to those already in Canada, but also to those seeking to make progress towards licensure before moving to Canada, so they can continue to earn money and maintain their skills during the licensure process. For example, eligible internationally trained midwives can now complete the Canadian Midwifery Registration Exam virtually, including pre-arrival.⁴⁴ The exam is one of the criteria used by provincial regulators to determine whether to license a midwife in their jurisdiction. As is the case with competency assessments, availability of pre-arrival virtual exams tends to be limited.
- **BRIDGING PROGRAMS:** Bridging programs enable internationally trained professionals to fill gaps in training and occupational practice that may exist between countries.⁴⁵ They offer structured and streamlined pathways to help internationally trained professionals qualify for licensing in Canada. Bridge programs address gaps in prior education and experience, equipping individuals to meet provincial licensing or employer requirements through programming that can include orientation, mentorship and peer support, occupation-specific language training, exam preparation, and career planning. Broadly speaking, bridging programs have proven to be an effective and economical way to support immigrant professionals in moving into their careers. At the same time, common issues persist, including limited capacity and funding for programs, long waitlists and limited seats in some programs, and inconsistent recognition of program completion.⁴⁶ Program availability also varies widely by province and region, and there is no central, occupation-specific hub that can help individuals understand and navigate available options. Additionally, individual outcome metrics that would indicate the success of a particular program or program type (e.g. success on certification exams, increased knowledge of occupation-specific language, employment outcomes) are not being systematically collected or tracked.⁴⁷ To date, there have been significant gaps in coordination between federal and provincial governments, regulators, educational institutions, and employers when it comes to the design and implementation of bridge programs. Effective bridge programs require long-term, predictable funding to remain sustainable, which is not always available.⁴⁸
- **MICROLOANS:** The licensing process can cost internationally trained professionals tens of thousands of dollars, which is especially challenging when they are yet to be earning sufficient income in Canada to cover these costs. In recent decades, numerous organizations across Canada have offered microloans to help address this challenge.⁴⁹ The microloans must be used for career-related purposes. They tend to feature lower-than-market interest rates, with no requirement for collateral or a credit history in Canada. Over 13,500 people have benefitted from such loans.⁵⁰ This figure highlights the main limitation of microloans. Since licensing processes are laden with uncertainty, because of factors such as lack of transparency from licensing bodies themselves, underwriting criteria are strict, and hence only a limited number of microloans can be disbursed each year.

DESPITE THESE AND OTHER LAUDABLE EFFORTS, FQR REMAINS A SIGNIFICANT CHALLENGE, AS DEMONSTRATED BY THE HUNDREDS OF THOUSANDS OF IMMIGRANTS THAT STATISTICS CANADA DEFINES AS OVERQUALIFIED

⁴⁴ Government of Canada, "Government helping 6,800 internationally educated professionals"; Canadian Midwifery Regulators Council, "Registration Exam."

⁴⁵ Forum of Labour Market Ministers, Bridging Program Practices Tool.

⁴⁶ Forum of Labour Market Ministers, Best and Emerging Practices in Bridging Programs.

⁴⁷ Higher Education Quality Council of Ontario, Multiple Case Study Evaluation.

⁴⁸ Ibid.

⁴⁹ Forum of Labour Market Ministers, A Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications: 10-Year Anniversary Report.

⁵⁰ Employment and Social Development Canada, "Foreign Credential Recognition"; Windmill Microlending, "About us."

THE NEED FOR NEW FQR SOLUTIONS

Despite these and other laudable efforts, FQR remains a significant challenge, as demonstrated by the hundreds of thousands of immigrants that Statistics Canada defines as overqualified and the stubborn persistence of unfair or discriminatory practices that specifically prevent immigrant professionals from practising in Canada and contributing to the full extent of their abilities. The scale of the ongoing challenges is a function of issues such as:

- **RAPID GROWTH OF THE SKILLED IMMIGRANT POPULATION:** Although the number of successfully licensed immigrant professionals may be increasing in absolute terms, it is not keeping pace in proportional terms with the rapid influx of new immigrant professionals. Canada has increased its annual permanent residence targets by over 50 per cent compared with a decade ago,⁵¹ while its temporary resident population has tripled since the pandemic. Mutual recognition agreements and approved jurisdictions, pre-arrival virtual exams, competency assessments, bridging programs, and microloans have made a difference, but they are still very limited in scale and have thus not been able to blunt the rise in the immigrant overqualification rate.
- **VOLUNTARY IMPLEMENTATION:** FQR improvements largely depend on voluntary cooperation and implementation by self-regulating professional bodies. Compliance relies on goodwill. While the existence of fairness laws shows that provinces consider themselves to have clear jurisdiction to govern the mechanics of the regulatory process, this legislation lacks appropriate penalties, or the penalties are rarely applied, either because of practical limitations on enforcement or a lack of political will. However, while licensing bodies have the autonomy to set their own registration standards, provinces have the authority to: prevent them from discriminating; require that their processes be transparent, objective and competency based, fair, and impartial; and impose penalties when they do meet these established standards.
- **FRAGMENTATION:** The presence of hundreds of licensing bodies across ten provinces and three territories results in different rules and processes for the same profession across the country. This continues to result in vast complexities for candidates seeking licensure, including challenges finding information and significant variation in requirements for registration between jurisdictions. Further complicating matters are pan-Canadian stakeholders such as certification or assessment bodies, whose processes are tightly linked to provincial requirements.
- **LACK OF RESOURCES & CAPACITY:** Limitations in funding and human resources continue to stall progress in FQR. Lack of funding may mean fewer seats available at colleges and universities for bridging and training programs. Regulatory bodies at both provincial and national levels also require capacity to develop and implement changes required to complete licensing efficiently and at scale. Labour shortages and burnout of overworked licensed professionals⁵² are also contributing factors to reduced capacity. While the solution to labour shortages entails increasing the number of individuals licensed, these same shortages reduce the number of licensed professionals available to assess or evaluate those seeking licensure.
- **LACK OF DATA:** Processes to collect data to monitor outcomes and inform improvements are inconsistent. It is nearly impossible to accurately assess the number of internationally trained professionals and tradespeople in Canada, as data collection on field of study and intended occupation on arrival is limited and immigration data is not linked to regulatory data.⁵³ Data are highly fragmented and often not effectively disaggregated by country of education or other key factors. At the individual level, it is difficult for FQR stakeholders including candidates themselves to assess pass rates, wait times, and supervised practice availability, among other metrics. Lack of data undermines the ability of stakeholders to determine which FQR interventions are having the greatest impact and to plan effective interventions.⁵⁴

The ongoing limitations of efforts to improve FQR require new solutions to these persistent issues, as well as new solutions to complement existing ones. Recent decades have shown existing efforts to improve FQR have not reduced the share of overqualified immigrants.

Addressing FQR challenges is also important given the clear international commitments Canada has made in relation to ensuring fair, transparent, and timely credential recognition for internationally trained individuals. For example, Canada ratified the Lisbon Recognition Convention in 2018: a commitment to recognize higher-education qualifications unless substantial differences can be demonstrated.⁵⁵ Canada has also endorsed the WHO Global Code of Practice on the International Recruitment of Health Personnel, part of which emphasizes the effective integration of internationally educated health professionals into domestic health systems.⁵⁶ While not yet ratified, Canada has also committed in principle to the UNESCO Global Convention on the Recognition of Qualifications concerning Higher Education, which frames credential recognition as a human right and calls for transparent, non-discriminatory processes to be applied.⁵⁷

51 Statistics Canada, Table 17-10-0121-01 "Estimates of the number of non-permanent residents by type, quarterly."

52 Singh et. al, "Burnout among public health workers in Canada."

53 World Education Services Canada, Addressing the Underutilization.

54 Employment and Social Development Canada, Evaluation of the Foreign Credential Recognition Program.

55 Council of Europe, Lisbon Recognition Convention.

56 World Health Organization, WHO Global Code of Practice.

57 UNESCO, Global Convention on Higher Education.



WHAT CAN WE LEARN FROM THE CANADA HEALTH ACT?

The need for big and bold new ideas is clear. Here, we propose federal FQR legislation: a new solution designed specifically to address the limitations of previous efforts described above. Federal leadership is needed to promote evidence-based and harmonized licensure criteria and processes across Canada. Such leadership can also help to align incentives nationally to implement fair practices, reduce duplication, and provide effective supports to immigrants seeking licensure.

The federal government can play an important role in coordinating collective action with and between provinces and territories. Which levers can the federal government bring to bear to efficiently and simultaneously remove FQR barriers across multiple professions spanning multiple jurisdictions when these matters fall outside its constitutional authority?

The Canada Health Act provides a possible model to emulate. Passed in 1984, the Act sets out the criteria and conditions provinces and territories must meet to receive the Canada Health Transfer (CHT). Like education, health falls under provincial and territorial jurisdiction. Through the Canada Health Act, the federal government effectively applies unified national standards anyway, facilitating universal access to quality health care, irrespective of one's socioeconomic status or location in Canada. In practice, the Canada Health Act allows the federal government to use its spending power to influence actions outside of its jurisdiction.⁵⁸ This model has withstood constitutional challenges and, though imperfect, it generally works as intended.

The Canada Health Act is surprisingly simple. The full bilingual text is just over 12 pages long. It enumerates five criteria (public administration, comprehensiveness, universality, portability, and accessibility) and two conditions (information and recognition) that provinces and territories must meet to receive their full share of the CHT.⁵⁹



THE FIVE CRITERIA AND TWO CONDITIONS OF THE CANADA HEALTH ACT

CRITERIA	SUMMARY
Public administration	Provincial and territorial health care insurance plans must be administered on a non-profit basis.
Comprehensiveness	Provincial and territorial health care insurance plans must extend to all insured health services provided by hospitals, medical practitioners, or dentists, and similar or additional services provided by other health care practitioners if permitted under provincial or territorial legislation.
Universality	All insured persons in a province or territory are entitled to insured health services provided for by the plan on uniform terms and conditions.
Portability	Provinces and territories must not impose a minimum period of residence in the province or waiting period in excess of three months before being entitled to insured health services. In addition, requirements are outlined relating to payments for insured health services provided to insured persons from another province or territory.
Accessibility	Provinces and territories must provide reasonable access to insured health care on uniform terms and conditions without imposing financial or other barriers.
CONDITIONS	SUMMARY
Information	Provinces and territories shall provide information to the federal health minister as may be reasonably required for the purposes of the Canada Health Act.
Recognition	Provinces and territories must give recognition to the Canada Health Transfer in public documents, advertising, and promotional materials relating to health care services in the jurisdiction.

The CHT comprises by far the largest share of federal payments to the provinces and territories each year, accounting for nearly \$55 billion in the 2025–26 federal fiscal year (about 53 per cent of total federal transfers to the provinces).⁶⁰ In all, the CHT accounts for about 22 per cent of annual public health care spending, with the provinces and territories supplying the remaining 78 per cent.⁶¹

⁵⁸ Dunsmuir, *The Spending Power*.

⁵⁹ Government of Canada, "About the Canada Health Act."

⁶⁰ Government of Canada, "Letters to Provinces and Territories: Ontario 2024."

⁶¹ Canadian Medical Association, "How is Health Care Funded in Canada?"

In addition to encouraging compliance with established criteria through the provision of funds, the Canada Health Act seeks also exerts influence with its power to withhold funds for noncompliance. If the federal government believes a province is in default of its duties under the Act, it can reduce payment to that jurisdiction or even withhold it entirely. Before funds are withheld, however, the federal government must register its concerns with the province or territory, consult on a bilateral basis, and give the jurisdiction ninety days to remedy the concern. All jurisdictions except Quebec have agreed to a dispute avoidance and resolution process, although, according to the Library of Parliament, this formal process has never been used.⁶² The federal government can later reimburse the withheld amount once a province or territory corrects the issue and compliance is restored. To promote transparency, the federal Minister of Health must table an annual report to Parliament outlining the extent to which provinces and territories are complying with the criteria and conditions of the Act.

In addition to articulating national health care standards, another major benefit of the Canada Health Act is that it strengthens transparency and accountability among and between the two levels of government. Provinces and territories must demonstrate adherence to the Act on an annual basis, and similarly, the federal government has an obligation to deliver the Canada Health Transfer each year.

The Canada Health Act is a proven example of how federal spending power can influence matters under provincial jurisdiction, which makes it a promising model for delivering efficient and scalable improvements to FQR, for any profession, in every province and territory.

INTRODUCING THE FEDERAL FAIR LICENSING ACT

Through new legislation, the federal government could outline criteria and conditions that provinces and territories would need to meet to receive meaningful levels of FQR-related funding, and likewise establish clear grounds under which the federal government could withhold funding for provinces that do not enforce compliance by the regulators they oversee. Such a Fair Licensing Act would create a legal framework to incentivize provinces through a Canada Fair Licensing Transfer, to ensure that regulators within their jurisdictions treat globally trained applicants fairly.

The Canada Fair Licensing Transfer would provide substantial funding to the provinces and territories to invest in systemic improvements to FQR across sectors. Given that professional licensure is administered by over 500 self-governing licensing bodies, the funding would be designed to incentivize provinces and territories to set overarching standards and drive compliance and enforcement. While precise funding levels require consultation, meaningful change would require new funding to be made available at a level commensurate to the scale of the FQR issue. The requisite funding envelope would represent a material federal budget item, though this spending would grow incomes (and therefore taxes) for tens of thousands of qualified immigrant professionals, and it will also unlock much needed talent in areas like health care, where that talent is so desperately needed.

THE CANADA HEALTH ACT IS A PROVEN EXAMPLE OF HOW FEDERAL SPENDING POWER CAN INFLUENCE MATTERS UNDER PROVINCIAL JURISDICTION, WHICH MAKES IT A PROMISING MODEL FOR DELIVERING EFFICIENT AND SCALABLE IMPROVEMENTS TO FQR, FOR ANY PROFESSION, IN EVERY PROVINCE AND TERRITORY.

⁶² Tiedemann, The Canada Health Act: an overview.

Incentives could also be created to encourage national bodies who provide exams and certifications required by provincial licensing bodies to adopt fair practices and to help create harmonized standards and processes nationally.

The two levels of government would work together on defining key principles and performance metrics that the provinces would need to meet to receive federal transfer payments aimed at improving FQR at scale. These key principles could include those outlined in the Pan-Canadian Framework, such as fairness, transparency, timeliness, and consistency, as well as other principles found in provincial fairness legislation such as impartiality and objectivity.

Moreover, the Fair Licensing Act would improve labour mobility across Canada. By helping to make FQR more consistent, efficient, and fair, the new legislation would also support ongoing efforts by the two levels of government to make it easier for workers in regulated professions to contribute to Canada's economy and society to the full extent of their skills and experience in all parts of the country. By including a Portability standard like the one in the Canada Health Act, the Fair Licensing Act would complement the Free Trade and Labour Mobility in Canada Act, enacted by the federal government in June 2025 to support mutual recognition efforts with the provinces and territories, ensuring a worker who meets the requirements of one Canadian jurisdiction would be recognized as meeting the requirements of all.⁶³

Practically speaking, it may be difficult to immediately apply the Fair Licensing Act to every sector and occupation, and hence, the two levels of government may wish to begin by focusing on priority occupations, including key health care and construction fields, and gradually roll out to the full slate of occupations over a three- to five-year period. The Pan-Canadian Framework, for example, initially focused on eight priority occupations (architects, engineers, financial auditors and accountants, medical laboratory technologists, occupational therapists, pharmacists, physiotherapists, and registered nurses), before expanding to additional sets of occupations covering the likes of STEM roles, additional health care professions, lawyers, K-12 teachers, and the skilled trades.⁶⁴

One is right to ask why the Fair Licensing Act would be needed when we already have the two levels of government partnering on FQR initiatives such as the Pan-Canadian Framework. Unlike the Pan-Canadian Framework, the Fair Licensing Act would be legally binding and financially material, which would put the full weight of the law and coordinated federal investment behind Canada's FQR reform efforts. This is key to addressing the longstanding FQR challenges of voluntary implementation and patchy enforcement, fragmentation of criteria, processes and pathways, and scaling of best practices since provinces that fail to ensure compliance of FQR stakeholders with this law would suffer major financial penalties. Here, the introduction of the Canada Fair Licensing Transfer, modelled after the Canada Health Transfer, would incentivize efficient and effective implementation of FQR reform at scale, given that funding will be available to encourage compliance.

Time is also of the essence, as demonstrated by the tens of billions of dollars in lost economic potential due to FQR barriers, plus other major challenges, such as the unnecessary suffering and death resulting from health care labour shortages, as well as the personal and financial costs to immigrants pursuing licensure in Canada. These could be alleviated if Canada moved faster on efficient, scalable FQR reform.

⁶³ Free Trade and Labour Mobility in Canada Act (S.C. 2025, c. 2, s. 2)

⁶⁴ Forum of Labour Market Ministers, A Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications: 10-Year Anniversary Report.

RECOMMENDATIONS ON DEVELOPING THE FAIR LICENSING ACT

The Fair Licensing Act would not be a panacea to resolving the country's longstanding FQR challenges. However, it could be structured to give federal, provincial, and territorial governments very strong incentives to improve FQR. This new Act could be developed to tackle ongoing challenges, including Canada's rapidly growing population of experienced immigrant professionals in regulated occupations, the self-evident shortcomings of frameworks dependent on voluntary implementation, regulatory fragmentation, lack of capacity, and lack of data. The following section describes a potential framework through which the federal government could develop such a Bill and ultimately pass and implement it.

1. FOLLOWING CONSULTATIONS WITH KEY STAKEHOLDERS, DRAFT A FAIR LICENSING ACT THAT SPELS OUT KEY PRINCIPLES, DEFINITIONS, METRICS, AND ENFORCEMENT MECHANISMS

Extensive consultation with provinces, territories, licensing bodies, employers, industry groups, educational institutions, constitutional lawyers, and other key stakeholders—including groups representing internationally educated professionals—is essential to inform the Bill. Consulting federal, provincial, and territorial officials and health policy experts will ensure the strengths of the Canada Health Act are adapted effectively into a Fair Licensing Act while mitigating its known shortcomings.

Among the shortcomings from the past forty years was the view from the provinces and medical community that the Canada Health Act was an incursion into provincial jurisdiction, and that federal consultations were inadequate.⁶⁵ In addition, the legality of the Canada Health Act has been challenged, but the courts have repeatedly upheld its constitutionality.⁶⁶ These key lessons must be accounted for in the development of a Fair Licensing Act.

To this end, wide stakeholder engagement will help build trust and earn the support of provinces, territories, licensing bodies, employers, and the broader public, while also ensuring that legislation respects the constitutional authority of provinces and territories and the necessary scope of autonomy given to licensing bodies.

Moreover, provinces have long emphasized the need for the Canada Health Transfer to be transparent, stable, and predictable.⁶⁷ As part of its consultation process for the Fair Licensing Act, the federal government could outline what FQR-related transfer amounts could look like over an agreed upon period of time, and the extent to which the amounts will be indexed to inflation.

For the Fair Licensing Act to be successful, the federal government will need to depend on the provinces and those who fall under provincial jurisdiction—as well as those national bodies who do not—to comply with the Act's terms in good faith. Given the distribution of constitutional powers and precedent of provincial autonomy in these areas, this will be no small ask. The federal government can build significant political capital by inviting meaningful participation in the consultation process from key stakeholders, and by providing certainty about the level of transfer funding available to cover compliance costs.

The consultations should also be used to inform the development of the principles, definitions, metrics, and enforcement mechanisms to be included in the Act and its transfer mechanism. Stakeholder engagement and input on these aspects will be key to the success of the Act.

⁶⁵ Choudhry, "The Enforcement of the Canada Health Act"; Whitcomb, "Health care and Federal-Provincial Relations."

⁶⁶ For example, see: *Winterhaven Stables Ltd. v. Can. (A.G.)*(1988), 91 A.R. 114 (CA).

⁶⁷ Whitcomb, "Health care and Federal-Provincial Relations."

While full consensus among all stakeholders is unlikely, a robust consultation process will result in a Bill that carries both legal as well as political legitimacy, therefore increasing the chances of the Fair Licensing Act achieving its intended impact once passed.

The main objective of the Fair Licensing Act should be to increase the timely and fair recognition of internationally obtained education, competence, and experience at scale, while respecting provincial jurisdiction. To receive an annual allocation under the accompanying Canada Fair Licensing Transfer, provinces and territories would need to demonstrate that they are achieving a set of established principles, which would be based on those in the existing Pan-Canadian Framework and in provincial Fair Access legislation. These principles should include:

- **FAIRNESS:** The assessment of qualifications is objective, reasonable, free from bias, and uses methods that are both necessary and sufficient to determine whether occupational standards are met. For instance, assessments should focus on relevant factors that indicate whether the internationally trained professional can perform the occupation competently, ethically, and safely, rather than whether international education and experience are structurally similar to Canadian equivalents. Canadian-trained and internationally trained applicants are to be treated equally with respect to qualification recognition requirements. Assessment processes are efficient and avoid duplication, and the communication of assessment results is made in a timely manner and offers clear explanation of the rationale for the decision.
- **TRANSPARENCY:** Requirements for licensing in an occupation as well as methods and timelines for assessment steps and criteria for recognition of international qualifications are accessible, explained in clear language, and made available in advance.
- **TIMELINESS:** Assessments and recognition of international qualifications and communication of assessment decisions are done in a timely manner.
- **MUTUAL RECOGNITION:** Assessment methods and criteria are mutually acceptable in each province and territory so assessment results are also mutually recognized across Canada.
- **OBJECTIVITY:** Licensing practices are based on competence and verifiable evidence for requirements and standards.
- **IMPARTIALITY:** Licensing stakeholders must perform their duties without bias, prejudice, or favoritism toward any applicant.

Beyond these criteria, the additional factor of scalability should be a key consideration. Existing FQR reforms have not kept up with the increase in skilled immigrants arriving to Canada. The purpose of the Act is to increase the rate of licensure and commensurate employment among qualified immigrants in every profession and every province simultaneously, as well as to incentivize FQR stakeholders to remove needlessly onerous licensing requirements such as requiring language tests from people who have already completed one as a condition of gaining Canadian permanent residence; or requiring unobtainable Canadian experience or recent practice without providing any pathways to acquire these. Objectivity and impartiality are other key principles that could feature in the legislation.

DEFINITIONS OF ADDITIONAL CRITERIA MAY LOOK LIKE THIS:

- **SCALABILITY:** Licensing efforts significantly increase the proportion of internationally trained professionals working in their profession.
- **EQUAL ACCESS AND HARMONIZATION:** Agreements and licensing processes are implemented to allow internationally trained professionals to more easily work in any jurisdiction in Canada. Regulators in the same professions across Canada are to harmonize licensure categories of occupations so labour mobility is not impeded because of differences in eligibility criteria, licensure pathways, or other aspects.

2. DEVELOP AN ACCOMPANYING CANADA FAIR LICENSING TRANSFER WITH MEASURABLE AND OBJECTIVE KEY PERFORMANCE INDICATORS

The purpose of the Canada Fair Licensing Transfer would be to provide long-term predictable funding for the recognition of international qualifications to provinces and territories and to key national stakeholders to advance the principles of the Fair Licensing Act. The federal government and the provinces would need to agree on a funding formula, which could consider factors such as the size of a jurisdiction's immigrant population that arrived in the last 10 years, and increases in agreed-upon key performance indicators (KPIs) such as the number of assessments being completed, licences being issued, and proportion of internationally trained professionals obtaining employment commensurate with their skills.

Additional KPIs could include improvements in timeliness of assessment decisions, ensuring that regulators do not impose excessive or duplicative fees, and creating additional capacity such as residency training spots for international medical graduates, competency-based assessments, clinical placements, bridging program seats, wage subsidies, or other incentives for employers to hire immigrant professionals, among other examples. It could also include a KPI on the degree of compliance demonstrated by licensing bodies with requirements set out in the Fair Licensing Act and provincial fair licensing legislation. Similar to what is currently required in certain provinces with robust fairness legislation and provincial reporting requirements, provinces would be responsible for collecting and reporting on KPIs annually to promote transparency with the public and to enable the federal government to release the transfer.

The federal government and the provinces have the benefit of learning from the experiences of the Canada Health Transfer. For instance, it took nearly two decades following the implementation of the Canada Health Act to agree upon the introduction of the Canada Health Transfer in 2003, following significant provincial pressure on the federal government to increase health funding. To avoid a similar situation in which the federal government legislates in an area of provincial jurisdiction but does not offer what the provinces perceive to be sufficient support to make progress within the area, it will be critical for both levels of government to quickly agree on a long-term funding model for the Canada Fair Licensing Transfer.

A long-term funding model, such as a ten-year commitment, would emphasize the federal government's commitment towards meaningful reform. Moreover, it would give the provinces and territories the structure and predictability needed to operationalize FQR reform as well as to align federal and provincial incentives. As an example of aligned incentives, it will be reasonable for the federal government to expect a province to be accountable for provincial monitoring, data collection, and reporting, in order to have visibility into how the Canada Fair Licensing Transfer is impacting licensure. This timeframe would also allow for alignment of federal and provincial data collection along the continuum from immigration to licensure to employment. This process, in turn, will give provinces further certainty that they will be rewarded with additional funding for demonstrating they are using federal funds to deliver positive results.

In addition, a long-term federal funding commitment could help resolve ongoing challenges that result from lack of funding and capacity, including supporting mechanisms for collaboration and coordination between regulators, postsecondary institutions, and other stakeholders providing essential services to immigrant professionals (e.g. pre-arrival services, bridge programs, etc.).

The funding model and KPIs could also be structured to provide incentives for national bodies who serve an assessment or certification function as part of the provincial licensure process to align with a federal framework for best practices. Provincial regulatory processes will sometimes involve national bodies who carry out assessment of degree equivalency, set and administer national exams or provide a national certification. For example, in medicine, degree assessment and national exams are administered by the Medical Council of Canada, and all physicians must be nationally certified by either the Royal College of Physicians and Surgeons of Canada or the College of Family Physicians of Canada. These bodies do not fall under any federal or provincial legislation but are a core part of the licensure process. Federal legislation will need to create a framework that addresses this reality.

Another way to align incentives is to introduce KPIs relating to provinces and territories working together on mutual assessment standards and recognition, including KPIs related to data alignment and data sharing that would support better tracking coordination between stakeholders who collect data on immigration, licensure, and employment outcomes. Sufficient, predictable funding is necessary to support stakeholders of all sizes to introduce, implement, and scale systems that support effective data collection and linkages. Current, comprehensive immigration and health workforce data is needed to fully understand and address longstanding FQR challenges, as well as to enable jurisdictions to collaborate effectively to pursue FQR improvements based on data they mutually collect and analyze. Pan-Canadian organizations such as Health Workforce Canada could play a key role in supporting implementation in this area.



3. IDENTIFY ADDITIONAL INCENTIVES AND PENALTIES TO ENFORCE COMPLIANCE WITH THE FAIR LICENSING ACT

Enforcement of the Fair Licensing Act would also require the federal government to impose deductions on a jurisdiction's Canada Fair Licensing Transfer allocation for non-compliance within the province or territory. This is necessary to further incentivize provinces to continue to make progress on FQR reform as well as to hold them accountable for failure to deliver. The idea is not for the federal government to withhold funding for spurious or subjective reasons such as a lack of political alignment with a given jurisdiction. Deductions would only be justifiable in the case of failure to comply with objective criteria, after the federal government flagged an issue to a province and provided sufficient time for the jurisdiction to remedy the issue. Indeed, this is the model that currently exists under the Canada Health Transfer.

When reporting evidence demonstrates that a province or territory is in violation of the Canada Health Act, it provides the jurisdiction with an opportunity to take corrective action. If the federal government deems that the matter has not been satisfactorily addressed, it will impose a Canada Health Transfer deduction on the jurisdiction. In the 2023-24 Government of Canada fiscal year, a fraction of one per cent was deducted from the over \$49 billion Canada Health Transfer, demonstrating a very high degree of compliance with this legislation.⁶⁸

To further incentivize compliance, the federal Budget 2018 introduced a reform that allows Canada Health Transfer deductions to be reimbursed when a jurisdiction takes necessary steps to eliminate extra-billing and user charges in public health care delivery.⁶⁹ In March 2024, the federal government reimbursed over \$90 million that it had withheld from provinces for prior non-compliance, and it has reimbursed over \$175 million since the 2018 reform.⁷⁰ This same model could be applied to the Canada Fair Licensing Transfer so provinces and territories are reimbursed for remedying infractions.

The federal government could also look at other incentives beyond the Canada Fair Licensing Transfer to promote compliance with the new legislation. For example, Provincial Nominee Program (PNP) allocations, which provinces and territories use to nominate for Canadian permanent residence candidates that meet their local labour market needs, are determined by the federal government. Since its introduction in the 1990s, the PNP has been a key tool for the provinces and territories to address labour market needs and promote targeted economic development.

Each year, the federal government sets PNP allocations as part of its Immigration Levels Plan, in which it outlines the targeted number of permanent and temporary residents that Canada will welcome, as well as the admissions programs for these newcomers. Historically, PNP allocations have been subject to tensions between the federal and provincial governments, with the provinces often making the argument that they need higher allocations to meet their economic needs.⁷¹ This context provides another opportunity for the federal government to incentivize compliance with the Fair Licensing Act. It can further encourage provinces to improve and scale FQR by offering higher PNP allocations to complement the Canada Fair Licensing Transfer. For example, higher PNP allocations could be made for targeted occupations if a jurisdiction demonstrates substantial improvements to FQR in that occupation.

Another major tool available to the federal government is its annual immigrant settlement funding allocation. It earmarked nearly \$1.2 billion in its 2024-25 fiscal year towards settlement services outside of Quebec.⁷² This amount far exceeds the amount of money the provinces themselves put toward immigrant settlement programs. The federal government may consider offering even more settlement funding in a jurisdiction to encourage compliance with its legislation.

⁶⁸ Government of Canada, Canada Health Act Annual Report 2023-24.

⁶⁹ Government of Canada, "Canada Health Transfer."

⁷⁰ Government of Canada, Canada Health Act Annual Report 2023-24.

⁷¹ Canada's Premiers, "Premiers discuss building a more prosperous and safer Canada."

⁷² IRCC, IRCC Minister Transition Binder 2025-05.



4. ESTABLISH A FAIR LICENSING ACT DIVISION WITHIN ESDC AND PRODUCE A FAIR LICENSING ACT ANNUAL REPORT

To support administration of its new legislation, the federal government should establish a Fair Licensing Act Division within ESDC. This would be modelled after the existing Canada Health Act Division, which rests within Health Canada.

THE RESPONSIBILITIES OF THE DIVISION INCLUDE:

- **MONITORING AND ANALYSIS OF PROVINCIAL AND TERRITORIAL PUBLIC HEALTH CARE PLANS FOR COMPLIANCE WITH THE CANADA HEALTH ACT;**
- **ASKING PROVINCIAL AND TERRITORIAL HEALTH MINISTRIES TO INVESTIGATE AND PROVIDE INFORMATION AND CLARIFICATION WHEN INSTANCES OF POTENTIAL NON-COMPLIANCE ARISE, AS WELL AS RECOMMENDING CORRECTIVE ACTION;**
- **INFORMING THE FEDERAL HEALTH MINISTER ABOUT POTENTIAL NON-COMPLIANCE AND OFFERING RECOMMENDATIONS TO ADDRESS THE ISSUE;**
- **WORKING WITH PROVINCIAL AND TERRITORIAL GOVERNMENTS TO PROMOTE INFORMATION SHARING;**
- **WORKING WITH HEALTH CANADA LEGAL SERVICES AND JUSTICE CANADA ON LITIGATION ISSUES RELATING TO THE CANADA HEALTH ACT.**

Developing a division within ESDC with similar responsibilities would be necessary to enforce compliance with the Fair Licensing Act, as well as serve other functions such as coordinating data sharing and analysis between and among the two levels of government.

In addition, this division would be responsible for producing a Fair Licensing Act Annual Report that the Minister of Jobs and Families would have to table before Parliament each year. Key features of the report would include compliance with the Fair Licensing Act by province and territory, highlighting non-compliance and what actions, if any, have been taken to remedy them, and summarizing transfers, deductions, and reimbursements administered by the federal government.

5. FORM A FAIR LICENSING ACT SECRETARIAT WITHIN THE FORUM OF LABOUR MARKET MINISTERS

Introducing the Fair Licensing Act is intended to situate FQR reform within a clear legal framework. Its success will depend to a very large extent on the degree of cooperation between the federal government and the provinces and territories, potentially linked to the scale of tangible, financial incentives made available, and political desire by the provinces and territories to pursue meaningful improvements. This requires the federal government to create an ongoing mechanism inviting the provinces and territories to share their feedback on the federal government's administration of the Fair Licensing Act, including what is working well and how challenges can be addressed.

The two levels of government can effectively do this through the creation of a Fair Licensing Act Secretariat within the Forum of Labour Market Ministers, responsible for the ongoing administration of the legislation. This includes negotiating KPIs, identifying strategic priorities such as targeted occupations, defining dispute resolution mechanisms, and negotiating future Canada Fair Licensing Transfer allocations. Moreover, the secretariat would offer another channel for key stakeholders including regulators, employer groups, educators, researchers, and organizations representing internationally trained applicants for licensure to share input. Ensuring clear lines of communication between the federal government, the provinces and territories, and key stakeholders will improve the chances of the Fair Licensing Act having its intended impact. The secretariat could also include provincial fairness legislation commissioners who possess the shared mandate of promoting fairer licensing practices in their jurisdictions while also cooperating with and learning from their counterparts in other provinces.



CONCLUSION

Amid major economic and social challenges including weak labour productivity and acute labour shortages in health care, construction, child care and other fields, Canada can no longer afford an FQR regime that relies on voluntary coordination and resultingly excludes immigrant professionals whose talents we need. The Fair Licensing Act, with conditional funding via the Canada Fair Licensing Transfer, and transparent, enforced licensure processes and standards, would give provinces and territories strong incentives to enact and enforce effective, efficient, and scalable FQR reforms, while respecting regulators' subject matter autonomy. The Canada Health Act demonstrates that the federal government can set national expectations on matters of provincial jurisdiction and incentivize compliance with financial levers. The Fair Licensing Act could similarly encourage compliance through the increasing or decreasing of PNP allocations, with the added benefit of putting immigrant talent to more productive, more consequential use.

This is not a panacea for all FQR challenges that have persisted for decades. Nonetheless, it draws from established precedent and the federal government's constitutional authority, which has been repeatedly affirmed by the courts, to use its spending power to influence policy areas that fall under provincial jurisdiction.

The Fair Licensing Act would add to the existing momentum of improving FQR and labour mobility across Canada and overcome some of the inherent flaws of previous interventions. In recent years, provinces across Canada have introduced new legislation to improve FQR, including fairness legislation and banning Canadian experience requirements. In addition, the federal government and provinces are currently working toward lifting free trade and labour mobility barriers. There is a moment of opportunity for the two levels of government to collaborate on a new legislative framework and transfer regime to resolve longstanding barriers for internationally educated professionals and tradespeople and improve Canada's economic and social standing.

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ABOUT THE ICC

The ICC is a national charity that aspires to a Canada where immigrants don't just come, but stay, become citizens, and contribute to their fullest potential so that Canada can grow and succeed.

We are Canada's leading source of thought leadership on citizenship and immigration. Through our Canoo Access Pass, we give almost 1 million newcomers free access to Canada's best culture, nature and sport experiences.

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