

Economic and Social Reports, January 2024

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There are six new articles available in today's release of [Economic and Social Reports](#).

As employees work from home, transit systems see drops in ridership

The increase in work from home triggered by the COVID-19 pandemic has reduced the number of urban public transit commuters in Canada. The study "[Working from home and public transit use in Canada, 2016 to 2023](#)" considers different scenarios and shows that depending on which one is selected, the increase in work from home appears to have reduced the number of urban public transit commuters by 290,000 to 780,000, contributing substantially to the drop in urban public transit ridership since 2019.

The proportion of urban commuters using public transit fell from 14.8% in May 2016 to 9.3% in May 2021 and partly rebounded to 11.8% in May 2023. However, measuring the impact of telework growth on public transit use is challenging because several other factors related to the pandemic—increased health concerns, stay-at-home orders and physical distancing measures—may have permanently altered the commuting behaviour of Canadians and also reduced public transit use.

More information on trends and implications related to teleworking can be found in the presentation "[Research to Insights: Working from home in Canada](#)."

Corporate debt a risk to the Canadian economy

Similar to Canadian households, Canadian corporations have accumulated increasing levels of debt. This increase, mixed with rising interest rates, puts corporations at greater risk of insolvencies and bankruptcies, which could lead to higher unemployment and slower economic growth. The study "[Risks to Canada's corporate sector as interest rates rise](#)" provides an overview of how Canadian corporate borrowing has evolved over time and identifies potential risks going forward. It is the first in a series of five *Spotlight* articles focusing on challenges and opportunities currently shaping Canada's economic landscape that will be published over the following months.

Growth in Canadian corporate debt accelerated significantly from 2010 to 2019, a period of low interest rates. This growth accelerated further in 2021 and 2022, reflecting greater use of bank loans. Total financial liabilities excluding equity represented roughly 160% of Canada's gross domestic product (GDP) as of the second quarter of 2023, well above the average of 125% recorded from 2000 to 2019. Relative to other countries, at the end of 2022, Canada had the third-highest corporate debt to GDP ratio in the G7.

At the same time, Canadian corporations had the highest interest expense to disposable income ratio of the group. This ratio measures the ability of corporations to meet their debt obligations, take on new financing, and maintain profitability. Understanding risks to business investment is important in our current economic context, as stimulating business spending will be required to help Canada's deteriorating productivity performance and improve overall growth.

The blended visa office-referred refugees earn more in their first few years in Canada compared with government-assisted refugees

The Blended Visa Office-Referred (BVOR) Program, initiated in 2013, is a new refugee admission program combining key aspects of the Government-Assisted Refugees (GARs) program and the Privately Sponsored Refugees (PSRs) program. The study "[The short-term labour market outcomes of blended visa office-referred refugees](#)" found that BVOR refugees had higher employment incidences and earnings than GARs but fell behind PSRs in the first few years after immigration.

One year after landing, 60% of BVOR refugees who were aged 15 to 54 upon arrival (from the 2014 arrival cohort) had employment income, compared with 37% among GARs and 75% among PSRs. Five years after arrival, 73% of BVOR refugees had employment income, compared with 64% among GARs and 79% among PSRs. Most of these



differences remained even after adjusting for sociodemographic differences among groups. These results suggest that the involvement of private sponsors and the resettlement support for refugees admitted through different programs can significantly impact their integration into the labour market.

Two-step economic immigrants earned more than one-step immigrants starting from the arrival year

After obtaining permanent residency, high-skilled two-step immigrants (economic immigrants who are chosen from a pool of temporary foreign workers) had higher earnings than one-step immigrants (those directly selected from abroad). The study "[Earnings of one-step and two-step economic immigrants: Comparisons from the arrival year](#)," examines whether there are earnings advantages of two-step immigrants over one-step immigrants, if the two groups were compared from the arrival year rather than the year of becoming permanent residents.

Since the early 2000s, the two-step immigration selection process has expanded rapidly. The study found that two-step immigrants consistently had higher earnings than their one-step counterparts within the same admission class, starting from their arrival year. Among applicants admitted through the Federal Skilled Worker Program from 2010 to 2014, two-step immigrants had 52% higher median earnings than one-step immigrants in the first year after arrival, and 47% higher in the sixth year.

These earnings differences remained substantial even after accounting for sociodemographic differences between the two groups. These findings are consistent with the idea that two-step selection can improve the match between immigrant skills and labour market demands.

Low-skilled foreign workers in the accommodation and food services and food manufacturing industries are less likely to transition to permanent residency compared with high-skilled foreign workers

Two other articles in today's issue, "[Temporary foreign workers with lower-skill occupations in the accommodation and food services industry: Transition to permanent residency and industrial retention after transition](#)" and "[Temporary foreign workers with lower-skill occupations in the food manufacturing industry: Transition to permanent residency and industrial retention after transition](#)," highlight sociodemographic characteristics of temporary foreign workers in the two industries, their rates of transition to permanent residency and their rates of staying in the industry after immigration.

Read more in the *Daily* release "[Transition to permanent residency and retention of temporary foreign workers in accommodation and food services and food manufacturing](#)."

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The January 2024 issue of *Economic and Social Reports*, Vol. 4, no. 01 (**36280001**) is now available. This issue contains the articles "Temporary foreign workers with lower-skill occupations in the accommodation and food services industry: Transition to permanent residency and industrial retention after transition," "Working from home and public transit use in Canada, 2016 to 2023," "The short-term labour market outcomes of blended visa office-referred refugees," "Temporary foreign workers with lower-skill occupations in the food manufacturing industry: Transition to permanent residency and industrial retention after transition," "Risks to Canada's corporate sector as interest rates rise," and "Earnings of one-step and two-step economic immigrants: Comparisons from the arrival year."

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