

MINISTRY OF COMPETITION, SCIENCE AND ENTERPRISE

I. Prepared for Rick Thorpe, Minister of Competition, Science and Enterprise, for
INFORMATION.

II. Subject: Fees for two new categories of the Provincial Nominee Program
(PNP) to be announced at Open Cabinet on February 7, 2003.

III. Background:

The PNP is designed to promote British Columbia as a destination of choice for high quality business immigrants who require rapid entry to Canada in order to carry out significant business investments. The PNP is consistent with the following Service Plan goals of the Ministry:

- Establish a competitive investment climate;
- Promote economic growth; and,
- Innovation, science and technology transfer.

The Ministry's proposal to introduce the new fees of the PNP has been approved and will be announced at Open Cabinet on February 7, 2003. The fee structures are as follows:

- \$3,000 per applicant for the Business Skills category; and,
- \$1,000 per key staff plus \$3000 from the sponsoring company for the Projects category.

The PNP is a Federal program available to all Provinces. Through its 1998 Canada-British Columbia Agreement on Immigration, British Columbia can nominate business immigrants for expedited Federal immigration processing when they are considered likely to significantly contribute to the economic development and growth of the Province.

The Ministry has responsibility for delivery of the Business Skills and the Projects categories of the Program. Business Skills are designed for a nominee with proven business experience who is willing to invest a minimum of \$1 million and to create at least five jobs in a new or expanding business. To partially offset Ministry processing, assessment and monitoring costs, a non-refundable fee of \$3,000 per Business Skills application is levied.

The Projects category assists companies with the timely entry of skilled, key managers and technical professionals essential to the success of a business undertaking involving a

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minimum of \$1 million new investment. The fee for this category would be \$1,000 for the assessment of each essential staff. If a Projects application were independent of a Business Skills application, then an additional \$3,000 fee would be levied for the review and monitoring of the sponsoring company's business project proposal.

IV. Discussion:

The new categories will operate as a pilot for two years and are expected to accommodate 50 new applications, generating \$39 million in new private sector business investment, and approximately 200 new jobs. Based on the proposed fee structure, total fee revenue is forecasted to be \$134,000, and the costs of assessing and monitoring applications/approvals is estimated to be \$428,000 (the Federal-Provincial immigration agreement places certain obligations on the Province in this regard). This will offset a third of estimated staff costs associated with delivery of the Program. The revenue is accounted for as a recovery against annual expenditures of the branch operations.

Rationale for the fee structure:

Simplicity: Immigration clients generally expect to be charged such fees. The structure of the fees is simple - a flat, up-front charge payable at the time of formal application. Information sessions with immigration stakeholder groups indicated fees as an important screening tool to attract serious candidates and deter those wishing to go around the normal 2-6 year immigration process.

Appropriate amount and fees: The fees will cover 31 percent of the estimated costs of the pilot and will be reviewed as part of the assessment of the pilot. A major portion of the staff time is in the follow up and monitoring of approved applications. The overall goal is to promote British Columbia as a destination of choice for high quality business immigrants who can facilitate business growth. Accordingly, partial rather than full cost recovery may be appropriate.

Consolidation: As streamlined as possible with two fees.

Competitiveness: The new categories are an innovative use of the Nominee Program provisions of the Federal-Provincial Immigration Agreement, expanding services to business immigrants. The fees appear to be comparable to the charges levied by other provinces and it is not anticipated the fees will result in applicants switching to other provinces for expedited immigration processing.

Prepared by: Deanna Chan
Investor Services Branch/BCTIO
Phone: 952-0653

-----Original Message-----

From: Kenney, Joe CAWS:EX
Sent: Thu, March 11, 2004 11:00 AM
To: Zehr, Deb CAWS:EX
Subject: FW: PNP fees

Deb,

Do you have the final version of the BN on PNP fees for Marisa's team?

Joe

-----Original Message-----

From: Adair, Marisa PAB:EX
Sent: March 11, 2004 10:58 AM
To: Kenney, Joe CAWS:EX; Giles, Alison PAB:EX
Cc: Jensen, Tom R CAWS:EX; Deacon, Rod PAB:EX
Subject: RE: PNP fees

Alison and Rod: can you pls talk to Joe as

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We need definitely:

1. communications to stakeholders (joe's team can take lead on this, we an review and approve materials)
2. Web info - Rod
2. Issues Note - for Minister's response in case stakeholders/media are critical of this

What else?

Tom - can you confirm - is MO aware this is happening and has been approved? if not, you may want to ensure they are in the loop - you can advise comm materials are getting prepped and will be there soon.

Tom/Joe - what kind of backlash do you think (if any?) this might get? Could we be criticized to imposing this fee at a time when we're trying hard to recruit immigrants through PNP for areas of skills shortages? Another example of "fees" run amuck? We'll need to work up some messaging explaining the rationale behind this!

Also if you could send us a Briefing Note and other materials that would be most helpful too.

Ali and Rod - pls brief me on your discussions and recommendations tomorrow, if possible!

Thanks, M

-----Original Message-----

From: Kenney, Joe CAWS:EX

To: Giles, Alison PAB:EX; Adair, Marisa PAB:EX
Cc: Jensen, Tom R CAWS:EX; Hoadley, David CAWS:EX
Sent: 3/11/04 10:36 AM
Subject: RE: PNP fees
Importance: High

Marisa/Alison,

A cost recovery fee of \$550 per principal application for the Strategic Occupations categories of the PNP has been approved.

We are seeking to implement the fee on May 1st.

Are there any communications steps that need to be taken or notices we should put out on this? I was thinking the easiest way to publicize it would be to put a notice on our website and also to send out a statement to a bunch of the third-party reps we deal with. That will get the word out quickly.

Joe

> -----Original Message-----

>From: Hoadley, David CAWS:EX

>Sent: March 4, 2004 1:27 PM

>To: Kenney, Joe CAWS:EX

>Cc: Jensen, Tom R CAWS:EX

>Subject: RE: PNP fees

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>Joe,

>Conclusion:

>The fee has been approved, there is no reason, given the nature of the
>fees, etc., why it cannot be implemented April 1. Please let the
>Public Affairs Bureau (Marisa Adair) know when the fee is going to be
>implemented and they will let you know, if there are any minimum
>requirement regarding communication of fees.

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>Analysis:

>There is not a standard procedure for implementing fees, it is up to
>each ministry to come up with an implementation plan, based on their
>professional judgement, taking into account: nature of the fee; client
>profile; previous consultations; and other issues. The analysis is
>based upon review of the Fee Proposal that was approved by GCC, etc,
>see attached, and our previous discussions regarding this fee. <<

>File: Cabinet_Submission- PNP fees NP input8.doc >> Factors to consider
>in developing an implementation plan:

>- nature of the fee; the fee rate is reasonable, based on other
>jurisdictions and costs; funds received will be reinvested in the
>program

>- client profile; there is no adverse public reaction anticipated as
>the fee affects a very small number of employers and less than 1
>percent of new immigrants

>- previous consultations; the program has already consulted with

>employers, Business Immigration Office and HealthMatch BC; based on
>consultations, fee seems uncontentious

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>Given the above, it is not necessary to have a detailed implementation
>plan.

>

>I will check with the rest of the Finance Branch and ensure that the
>coding is in place for the implementation of the fee.

>

>Communication Issue:

>As this is a potential communication issue, please let the Public
>Affairs Bureau (Marisa Adair) know when the fee is going to be
>implemented (see more info below). As per above, I don't think a
>detailed implementation plan is necessary. But check with PAB to see
>whether any communication (such as a notice on the ministry website) is
>required.

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>Thanks,

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>-----Original Message-----

> From: Kenney, Joe CAWS:EX
> Sent: March 4, 2004 10:27 AM
> To: Hoadley, David CAWS:EX
> Cc: Jensen, Tom R CAWS:EX
> Subject: PNP fees
> Importance: High

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> David,

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> Any word on the situation with PNP fees? Originally we were targeting
>April 1 as the implementation date. Although it's not a big deal if
>they have to be delayed a month or two.

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> Would you happen to know if there is a standard procedure for
>implementing fees in terms of the period of notice given to
>stakeholders/clients or any other common steps to be taken? We would
>expect a notice on our website that they are coming would be required
>at the very least.

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> Thanks and s22

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> Joe

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Ministry of Community, Aboriginal and Women's Services
BRIEFING NOTE FOR MINISTER

Ref #:

FOR INFORMATION

Date: March 15, 2004

Topic: BC Provincial Nominee Program (BC PNP) Strategic Occupations categories fee implementation.

Purpose: To provide background and information on the planned May 1, 2004 implementation of fees for BC PNP Strategic Occupations applicants.

Issue Summary:

- The BC PNP fee proposal that went before Cabinet was approved by Treasury Board last fall and is included as part of the provincial budget.
- This fee is will be collected as a partial recovery for the program and will allow for additional staff to help maintain the excellent processing times and client service for which the BC PNP has become known.
- Employers/applicants will pay a single processing fee of \$550 when submitting applications under the Strategic Occupations categories (Skilled Workers, International Students) of the BC PNP starting May 1, 2004.

Background/Description:

- The B.C. PNP has two main components -- Strategic Occupations (Skilled Worker, International Student and Registered Nurses categories) and Business Categories (includes Business Skills, Projects and Regional Business). With the transfer of responsibility for business immigration from the Ministry of Competition, Science and Enterprise (MCSE) in 2003, the Ministry of Community, Aboriginal and Women's Services (MCAWS) is now responsible for the entire program.
- The Strategic Occupations categories supports B.C. employers by expediting the immigration processing of highly skilled workers in critical need in B.C., and whose employment will generate significant economic benefits for the province.
- The Strategic Occupations category became operational in March of 2001 and has nominated 486 applicants, plus their families, to date. No application fees have ever been charged. Each application requires extensive labour market research, detailed consideration of the applicant's experience and qualifications as well as a thorough examination of the employer's history, type of industry and their efforts to recruit for the position locally.

- The B.C. PNP has a proven track record of facilitating expedited immigration for Provincial Nominees. The program currently processes nomination applications in two weeks or less in 90% of cases. Most nominees are then granted permanent resident status within six months of the date of their application to Citizenship and Immigration Canada (CIC) as the province has already thoroughly reviewed the file. In comparison, applicants who apply directly to CIC as skilled workers generally receive their permanent resident status after a wait of two years or more.
- A recently completed independent evaluation of the B.C. PNP indicates that employers and nominees are very satisfied with provincial processing times and that this is a major reason for choosing the program. However, it also found that there is a trend toward slightly longer provincial processing times in the last year as opposed to the first year of operation.
- The Business Skills and Projects categories became operational September 16, 2002 as a Pilot Project. In October 2003, the Regional Business category was added. Currently, application fees of \$3000 for Business Skills and Regional Business applicants and \$1000 for Projects applicants are charged. To date, these categories have produced approximately 15 nominations with the expectation of approving about 50 nominees per annum.

Citizenship and Immigration Canada (CIC) Fees

- Every applicant and each of their adult dependents applying for permanent residence pay \$1525 (\$550 for processing and a \$975 Right of Permanent Residence fee). Additional fees for medical examinations and police clearance certificates of approximately \$200-500 per adult are also required. A family of four would typically spend \$4000-6000 on federal immigration processing costs.

Policy Considerations and Advice

Managing Program Demand

- There has been a 33% increase in the number of applications received by the B.C. PNP this year as compared to the same time period last year, with no increase in staff to assess these applications. The amount of work involved in a refusal of a case is often more than that of an approval as program consultants seek to be as administratively fair as possible and give applicants an opportunity to address the shortcomings of an application. Since the refusal rate is relatively low at 17%, a cost recovery fee would not be overly punitive for failed applicants. As well, a cost recovery fee can act as a useful deterrent to applicants or employers who currently submit marginal cases.
- Based on an independent evaluation and other indicators, it is clear that maintenance of current service standards (90% of files processed in two weeks or less) will require additional resources in the very near future. The future growth of

the PNP will put significant strain on existing resources. Cost recovery will help alleviate this strain while creating room for growth and expansion.

Expected Stakeholder Reaction

- Since provincial nominees will normally be high salaried skilled workers, the ability to pay is not expected to be an issue for nominees and most will want to take advantage of quicker processing times and the higher quality service offered by B.C. PNP relative to the federal process. In many cases, the fees for the program will be covered by employers as part of the job offer. As well, a fee of \$550 per principal applicant would be a very small portion of the overall immigration processing fees required.
- In previous consultations with employers, third-party representatives and other stakeholders, there has been little opposition expressed to charging fees for the program. Some have recommended it to ensure maintenance of service levels.

Fees as a deterrent

- The majority of successful B.C. Strategic Occupations applicants already have significant roots in the province given that they are already in B.C. on temporary status (i.e., work or study permit). Their decision to apply to the program is based on their previous experience here, their desire to make B.C. their permanent home, and the fact that they have a full-time job offer in the province. Therefore, a fee for processing their application is not likely to deter applicants or their employers, who often pay the fees.

Impact on B.C. Employers

- Employers normally incur significant expenses in recruiting and hiring international workers. Other expenses incurred by employees include relocation costs (usually \$3000 or higher) and fees paid to CIC (see amounts above). These expenses are often covered by the employer before a provincial nominee even arrives in Canada.
- Where the employer is paying

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In cases where the employer is not willing to pay the processing fee on behalf of the applicant, there is no cost at all to the employer. Since the processing fee for the B.C. PNP would in no sense be a mandatory levy on B.C. employers it is not accurate to view it as a tax.

Cost recovery to be generated

- The B.C. PNP expects to nominate 250 individuals and their families in the 2003/2004 fiscal year. In 2004/05, the target is 300. The \$550 fee per application is based on the increased cost of processing 50 additional applications per annum over the next 3 years. With a fee of \$550 per principal applicant (excluding nurse nominees), approximately \$137,500 in cost recovery would be generated in 2004/05, not including fees collected for refused cases. With this cost recovery the BC PNP

will be in a position to immediately add one additional Program Consultant to the staff as well as have additional funds for operating costs, labour market research, evaluation and promotion.

Exemption for Nurses

- Fees would not be charged for international nurses for a period of two years while the PNP helps to fill the critical shortage of this profession in B.C. Currently these applicants are all screened by HealthMatch BC and no labour market research work by the B.C. PNP is required. In addition, their employers are all publicly-funded health authorities. In most cases, the health authorities pay immigration fees in order to attract skilled international nurses to the province. Once the shortage for nurses is alleviated, the fee would be applied to all applicants to the program.

Implementation Plan

- The fee will be implemented on May 1, 20004.
- Communications (PAB) is preparing an Issues Note for the Minister to respond to any media or stakeholders that are critical of the fee.
- Notice of the fee will be posted in advance on the BC PNP website and stakeholders will be given advance notice by the program.

Contact: Joe Kenney, Program Manager, BC Provincial Nominee Program, 250-387-2190

Date of last revision: _____ Date of latest review: _____

Date of original note: _____

Further Information to Follow: _____ No _____ Yes (Provide Details)
Details:

Approvals for Briefing Note			
DIR _____	ADM _____	CB _____	DM _____

h:\briefing note - information on fee implementation for bc pnp.doc \ Cliff #

Setting Fee Level

To determine what amount would be appropriate to charge as a cost-recovery application fee, our program staff did an analysis of how much time they spend on each application from the time it is received in our office. Based on this analysis we could then assign a dollar value to the processing of an average individual file. We used that dollar amount as a starting point for determining an appropriate amount to set for the application fee. We then sent out an email survey to the employers who had used our program in the past and asked them how much they would be willing to pay when submitting future applications. We gave them 4 fee level options and asked them to specify which level they felt was appropriate. Based on the results of this survey, and the time/cost analysis, we determined what an appropriate fee would be and prepared to present this to executive.

Determining an Appropriate Payment System

We worked with the Provincial Treasury Branch of our Ministry of Finance to analyze the different payment systems that were available to us and which would be best suited to our needs. For us the decision was relatively straight forward as the two main payment systems were either a point of sale system or a web based system. Because our office is not set up to receive clients in person, and therefore payments in person, the point of sale system was not appropriate as it involved having a debit and credit card machine on site to manually process transactions. For our purposes the web-based system was preferable. This system is referred to as "Virtual Terminal" and is an Oracle web-based system that is directly linked to CIBC.

The web-based service includes a Website hosted by the bank's payment processor that receives payments from PNP staff and a Web-based reporting service that provides a summary of each day's transactions. The Virtual Terminal service processes credit card payment receipts through the Provincial Treasury's Treasury Deposit Information (TDI) system to the Corporate Accounting System. Only credit card transactions can be processed this way. Certified cheques and money orders are processed and deposited manually through our Financial Administration Branch within the Ministry.

Receiving Payments

Again, because our program is not set up to receive applications from clients in person we developed a "Fee Payment Form" which allows applicants to submit their payment through the mail or by fax (if paying by credit card). A copy of this

fee payment form is attached for your information. Payments are only accepted in Canadian funds.

When payments are received in our office, the administrative coordinator will enter the credit card information into the Virtual Terminal system and she will be notified immediately by the bank as to whether or not the card has been accepted or declined. If accepted she will be given a confirmation number. If payment is received by certified cheque or money order she totals and batches these two types of payments and submits them to our finance branch for deposit into our account.

All payments are then recorded into our database system, which also contains all client information, so that we have a record that can be used to reconcile against the monthly deposit reports provided by our finance department.

Cost Recovery vs. General Revenue

The biggest challenge in this process, and the lengthiest, was receiving Treasury Board approval to have our application fee be used for cost-recovery purposes rather than going into the general revenue account. This is a step in the process that I was not directly involved with so I do not know the details of what was involved. What I can say is that the actual set up, and implementation of the Virtual Terminal system was ready and functional within 1.5 months from the time we first notified Provincial Treasury that we needed a system in place to begin accepting fee payments. Approval from Treasury Board took a few months longer.

Consultations

Throughout this process we consulted with:

Employers: To determine what they thought would be a reasonable fee

Provincial Treasury Staff: To determine what payment system was best suited to our needs and to implement this system. This included preparing a business case with a 5 year projection for how much money we expected to collect on a yearly basis.

Ministry Financial Staff: In assigning account numbers, setting up process for depositing certified cheques and money orders, setting up credit card accounts with the bank, preparing treasury board submission to request cost-recovery rather than general revenue designation, etc

PNP Program Staff: To provide training on the new system and determine roles and responsibilities.

How is it working for us?

So far so good. We tried to develop a system that was relatively easy to use for both our clients and our staff and we seem to have succeeded. We have been

processing payments of all three types (credit card, certified cheque, money order) with little or no problem. We have encountered a few credit cards that were declined but we simply return the application or contact the applicant and request an alternate payment before we set-up a file for their application. We have received no complaints from clients relating to the methods of payment that we accept.

With the very first couple of certified cheque and money order payments we experienced some confusion with the processing staff in the finance branch as to which account to deposit the money. Although we indicated it should go to cost-recovery they still wanted to put it into general revenue because apparently cost-recovery fees are quite rare.

One thing to keep in mind is the increase in work load prior to the fees being implemented. About 1 month prior to implementing the fee we posted a notice on our website and advised some of our regular contacts that this was going to happen. We deliberately did not want to give too much warning because we did not want everyone submitting their applications prior to the fee implementation. However, we still experienced quite a flood of applications, particularly in the last week leading up to the implementation. This is just something to keep in mind as far as staff workload projections. We have also noticed, somewhat to our surprise, that the number of applications being received in our office since the fee implementation is not lower than the number being received prior to implementation. In fact we averaged about 30 applications received each month prior to fee implementation and the average since the fee implementation has been 31. The exception was the 1 month prior to fee implementation when we received 78 applications.