



The Immigrant Advantage

Remarks by

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To

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Check against delivery

Good afternoon, and thank you Stephen, for that kind introduction.

I'd like to congratulate the Greater Halifax Partnership on the release of your new immigration strategy today.

I was given an advance copy and was impressed by the breadth of vision and tactics you have recommended. It's right on the money.

And for those skeptics in the crowd, I'd like to say that any similarities between the strategy and my remarks are strictly a function of how whole-heartedly we are in agreement.

I know our entire team here in Halifax is looking forward to our partnership with the GHP in helping make the strategy a reality.

For an employee of RBC Financial Group—even one from Montreal by way of Toronto—a visit to Halifax is like coming home. We opened our very first branch here in 1864, and now, 140 years later, we are Canada's largest financial institution and operate in 30-plus countries worldwide.

On a personal note, I also have family roots in Nova Scotia, as my grandfather grew up on a farm in Truro, and my daughter is in her 3rd year of the Commerce program at Dalhousie.

Royal Bank is truly a Canadian success story, and our performance ranks with the best in the world. I'm proud to say we've accomplished it all from a Canadian base, and we greatly appreciate the support and business we receive in Atlantic Canada.

So I am here today, representing one of the country's largest employers as well as a financial institution, acutely concerned about Canada's future.

Canada's standard of living not only lags behind the United States, but our real per capita GDP growth is sliding relative to many other countries and our productivity growth, which is measured by GDP per person employed, is also slipping.

So while we're starting from a reasonable economic base, a strong fiscal position and a high quality of life, we cannot be complacent as we are losing economic ground in an increasingly competitive world. We must address our future economic policy if we are going to live up to our potential.

The bottom line is you can't have a well-intentioned social agenda without a sound economic agenda.

It is only with a strong and globally competitive economy that we will have the foundation for improving the quality of life for Canadians and investing more in healthcare, education and social services.

In my view, there are three ways for an economy like Canada's to grow.

- The first is to improve our people's skills by investing in education, training, and in the most advanced technologies.
- The second is to pursue international markets, investing in those areas where we can compete and where we can attract investment.
- The third way is to stimulate economic growth by promoting innovation and entrepreneurship.

New immigrants to our country have an important role to play in all three of these areas, and that's why my topic today is "The Immigrant Advantage."

Canada is standing at a crossroad. We must not only attract, but improve how we accept new immigrants. In an increasingly competitive and global world, our future depends on it.

I gave a speech in Toronto recently, focusing on the role immigrants play as employees. That's one important link in the prosperity chain.

But immigrants also play a critical role in Canada's economy as consumers, business owners and taxpayers, as well as through their rich cultural contributions to our communities.

Today, I'd like to focus on why we must welcome newcomers into our workplaces, our marketplaces and our economy—for the advantage of Canada's entire prosperity chain.

Immigration has historically been critical to Canada's growth, yet there has seldom been a time in our history when it has been so important. Our competitive advantage can't be driven by the resource industry, and is no longer dominated by capital assets like plants, equipment and machinery.

It is being driven by human capital.

But Canada is a small nation. Our national birth rate just hit an historic low, and our workforce is aging. Clearly, if we are to succeed at home and abroad, we're going to have to import talented people to make up the gap. We are already facing a skills shortfall in many parts of Canada and in the years ahead, we will be counting on immigration for all of the net growth in our labour force.

But there's going to be a global war for talent. Countries like Italy, Spain and Germany are seeing birthrates fall as dramatically as ours, and a workforce going gray as quickly as ours. We'll be going head-to-head with them for talent, as well as with powerhouses like China and India, who are literally pouring investments into higher education, technology and innovation.

For every one engineer graduating in the United States, there are three graduating in China. And many Chinese immigrants are now moving back to China, because they see better opportunities at home than here.

In Halifax, this situation poses a serious economic risk: you face a shrinking workforce, a smaller business-economic base, and a declining tax base. There is no question that this will have a significant economic impact on the rest of Nova Scotia, and on all of Atlantic Canada—a point clearly raised in the GHP strategy.

The Canadian government has set a target of welcoming 300,000 new immigrants to our shores each year. Right now, new Canadians make up about 70 per cent of the growth in the Canadian labour force. But by 2011, they will account for all the growth in our workforce.

Halifax alone has set an aggressive target of attracting 2,800 newcomers annually, and, more importantly, keeping 70 per cent of them here.

Our success depends not only on our ability to attract new immigrants, but on providing an environment where new Canadians can maximize their potential. This can be Canada's competitive advantage, but we have to work harder both to attract and maximize the potential of talented people.

Historically, we don't have the best track record. A Statistics Canada report found that our most recent immigrants had higher levels of education than people born in Canada. Yet, many more are working in jobs below their level of education and earning less than those born in Canada. And they experience higher unemployment rates.

But I hope that is going to change.

The federal government's "Internationally Trained Workers Initiative" is a step forward for our nation, yet no level of government can bear the burden alone. Governments can attract skilled immigrants to Canada, but once they have arrived, businesses have to pick up the ball.

But we have not.

In fact, we're dropping it—at least according to the Public Policy Forum.

In a survey conducted with over 2,000 Canadian employers in 2004, the Forum found three pieces of discouraging news.

- First, employers overlook immigrants in their human resource planning;
- Second, they don't hire immigrants at the level at which they were trained; and
- Third, employers say they face challenges integrating recent immigrants into their workforce.

The Conference Board of Canada goes one step further, saying that Canadian companies are myopic about the one-two punch that's on the way: Canada's aging workforce on the one hand, and the impending skill shortages on the other. They strongly recommend that businesses need to pay attention to maximizing the talents of visible minorities and immigrants.

This solution will bring untold benefits up and down the prosperity chain...for our businesses, our communities and our country—and it will have a profound human impact as well.

I'd like to share a quick story with you about Binoj Daivasahayam.

Binoj emigrated to Canada from India in April of 2004 with a Bachelor of Commerce and an MBA in his back pocket. He's 34 years old, speaks three languages, and has 8 solid years of financial services experience.

He also brought with him the spirit of an entrepreneur--because Toronto wasn't his final destination: Halifax was.

It takes real courage to come to a place where your cultural community isn't well established. Of the 100 or-so Indian families in Halifax, Binoj didn't know a single soul. But that's exactly why he chose to come. With fewer immigrants here, he felt there was a greater opportunity to build a future.

The bad news is that education and enthusiasm aren't always enough.

In fact, if Binoj had landed in Canada even five years earlier, you could almost predict how his story would go. He would likely be underemployed now, working somewhere in a job unrelated to his training. He might feel like he was wasting his education, and not contributing to Canadian society.

In fact, his first job interview was at a grocery store for a cashier's job, which he lost to another immigrant.

The store actually did end up hiring him, and while he spent his days working as a stock clerk, he spent his nights working towards his Mutual Funds license.

And Binoj had another ace in his pocket: MISA, *the* Metropolitan Immigrant Settlement Association.

Within a week of arriving in Halifax, he had already connected with MISA. In fact, MISA helped him find that grocery store job as a quick way for him to get some Canadian experience. But everyone's end goal was to find a position that tapped his professional training in financial services.

MISA eventually connected RBC and Binoj. Right away, we knew he was a high-potential candidate, and we hired him as a Personal Financial Service Representative at our Spring Garden Road branch in January.

I'm happy to say that Binoj has joined us today. I will only embarrass him for a moment by telling you that he's a tremendous asset in attracting new business to RBC. Clients, especially new Canadians, love to deal with him. He even spends two hours every week with the Nova Scotia Nominee program, helping educate newcomers about how to navigate the banking system in Canada.

I wanted to share this story because it's a win for everyone: for Binoj, for RBC and our clients, for Halifax and for Canada.

RBC sets a high premium on diversity. I chair our Diversity Leadership Council, made up of senior leaders from across our businesses. Just to let you know how important this issue is, I can tell you that it is the only committee other than my executive committee that I sit on.

This Council sets RBC's strategy and goals for diversity and employment equity, as well as monitoring our progress.

Currently, about 23 per cent of our workforce is comprised of visible minorities. But that number drops to about ten per cent for our executive management team, and we know we've got to do better, so we're taking action.

One of the largest barriers to employment for skilled immigrants is in the area of foreign credentials. The government's "Internationally Trained Worker Initiative" has an entire program dedicated to this—but businesses can do their part as well. For example, we've contracted specialists to evaluate the Canadian equivalents of foreign credentials, so we can make sure we're not overlooking good prospective employees.

While I do want to spend a few more minutes today talking about the importance of immigrants as prospective clients and as business owners, I want to make one last point about the employee link in the prosperity chain.

I mentioned that I gave a speech on this topic in Toronto a few months ago, which we posted, as usual, on our websites.

Now I have to be frank with you: I don't tend to get a lot of feedback from my colleagues when I give a speech.

My critics might say it's because of my stage presence: and no one wants to be the bearer of bad news to the CEO or maybe it's because topics like economic policy or financial services reform don't exactly keep an audience on the edge of their seats, or even awake!

In any case, I didn't expect much feedback from my immigration speech.

But the topic really struck a chord, and I was surprised when so many employees thanked me for talking publicly about something that really matters to them.

Here's an excerpt from an e-mail I received:

"I can totally understand the stress a qualified immigrant goes through. I came to Canada from India and have a Masters of Commerce Certificate in Banking & Finance from Bombay University. The only company that gave me an interview was Royal Bank, where I have worked for close to 7 years now. I am proud to work for an institution that values diversity. ...This is definitely a 'win-win' situation for everyone."

I agree: welcoming newcomers into the workplace is a win-win situation, and we must all work towards this goal.

From RBC's point of view, every new Canadian we hire helps us build institutional knowledge about our key cultural markets both here and abroad—and that's invaluable in the global marketplace.

Newcomers to Canada quickly become consumers of goods and services as well, and that's the second link in this prosperity chain I've been talking about.

According to Dr. Jeffrey Gandz of the Richard Ivey School of Business at the University of Western Ontario, visible minorities possess \$76 billion worth of combined purchasing power in Canada. While visible minorities and immigrants aren't always the same group, this does give you the sense of the scope of opportunity.

Demographically, businesses simply cannot ignore the opportunities presented by immigrants as consumers.

RBC has about 11 million clients in Canada. Right now, almost 15% of them represent a “cultural market”—new Canadians and visible minorities. Much of our future growth will also come from cultural markets. So, what does that mean for us?

Imagine you are a newcomer, starting virtually from scratch.

- You have no Canadian I.D. You have no Canadian credit history and no work experience here, so you can't get a credit card.....
- Without a credit history, you have trouble getting a loan or mortgage...
- You don't have a permanent Canadian address, so you probably can't get an apartment without pre-paying several months rent in cash. ...
- And on top of it all, you're having to learn to navigate a whole new banking system at the same time.

So financial services companies have a unique role to play in easing the way for newcomers.

RBC is often a first choice for immigrants because of the strength of our brand. But our policies and procedures have tended to make it difficult for them to do business with us.

We are committed to making it easier: in fact, we believe we can't afford to get it wrong.

That's why we recently developed a comprehensive strategy for cultural markets. Our goal is to put the right products, people and training in place so that we can better serve diverse markets right across the country. For example:

- We reviewed our credit policies, and created a secured VISA card so that new immigrants can build their credit history.
- We simplified our mortgage process to ease up on an immigrant's credit requirements.
- We'll be providing easy-to-understand application forms and information in multiple languages.
- We're even developing a way for immigrants to open bank accounts before they arrive in Canada.

We're also launching a comprehensive “Newcomer to Canada” website in a few weeks, targeting the first priorities faced by newcomers: housing, employment and education.

Here in Halifax, we've beefed up training so that key people in our branches know exactly what an immigrant requires to open an account. We want to be sure that no newcomer is turned away because we're unfamiliar with the process or requirements.

We also work closely with Cornwallis Financial and the Nova Scotia Nominee Program, to make sure that newcomers have access to all the information they need, in plain language, about the financial services business in Canada. This is where Binoj volunteers every Monday.

The net result is that RBC is now the bank of choice for immigrants in Halifax.

I don't want to turn this speech into an RBC commercial, but I did want to give you some concrete examples to show how we are adapting to the realities of a new marketplace—and to remind you that new Canadians have high potential as clients and consumers. I can't emphasize strongly enough: this is not just about social justice, this is also about business opportunity.

New Canadians are also bringing a wealth of creativity and ideas to our country, creating jobs and driving economic growth through the creation of small businesses. And increasingly, the business community in Canada will depend on the talents and energy of immigrants.

Canada is moving towards an era of unparalleled diversity that will transform the face of our small and medium-sized enterprises. In an economics report released last year, RBC found that the next generation of Canadian entrepreneurs will represent the single biggest shift in the makeup of our business community in the last century.

Today's small business owners look a lot like me: white males, 40-65 years of age.

But tomorrow's entrepreneurs will be cut from a different cloth.

They'll be better educated, and more diverse as well: in fact, most small and medium sized businesses will be run by women, visible minorities and new Canadians.

This new landscape can be a challenge for financial services companies. If we want Canada to grow and prosper, we must support what Peter Newman calls "The New Canadian Establishment": that emerging business sector being created by new Canadians.

I want to thank you for inviting me here today, and to commend The Greater Halifax Partnership for the leadership and foresight you have shown in your immigration strategy.

As I said at the start, Canada faces many economic challenges, and there are a number of policy issues that must be addressed. We are competing in a world where significant economic shifts are occurring. Countries are actively competing against each other for talent, capital and investment.

If we are going to succeed in this new world, our politicians, our business leaders, our labour leaders and our academics must work together to address policy issues and ensure our businesses have every competitive advantage.

We must do more than open the door to new immigrants—we must make Canada the destination of choice for talented people with skills, energy and drive.

The bottom line is that, unleashing the power of diversity and capitalizing on immigration can help forge Canada's prosperity chain, and given the inherent strengths of our country with respect to immigration, it can, and should be, one of our best competitive advantages and to those of you who run businesses, it will provide an opportunity not to be missed.

Thank you.