

Major immigration policy challenges for Carney government

By **Sergio R. Karas**

Law360 Canada (May 16, 2025, 1:35 PM EDT) -- As Mark Carney begins his term as prime minister, the government faces numerous immigration-related challenges. From the growing influx of international students, rising refugee claims, immigration fraud, ongoing delays in application processing, and mounting backlogs, each issue demands thoughtful, strategic solutions. Addressing these pressing concerns will be key to shaping a more efficient, fair and sustainable immigration system.



Sergio R. Karas

The new government faces a significant problem in managing the rapid increase in international students, which is partly responsible for the housing market crisis and strained public services. In 2024, Immigration, Refugees and Citizenship Canada (IRCC) capped study permit applications, resulting in a 40 per cent reduction in international student arrivals and easing pressures on affordable housing and services in high-demand areas. Despite these reductions, nearly one million foreign students remained in Canada at the end of 2024. For 2025, the cap has been set at 437,000 study permits, which is only a 10 per cent decrease from the previous year.



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The sector has faced challenges, including policy shifts and processing issues. Prime Minister Carney has announced plans to reduce temporary residents, including international students, to five per cent of the total population by the end of 2027, down from the current 7.25 per cent. Investigations by the Indian newspaper *The Tribune* have revealed that some educational institutions and unscrupulous agents have exploited international students by offering substandard programs with limited job prospects. These agents often promise easy pathways to permanent residency.

Another pervasive problem that must be tackled is study permit fraud by international students. In 2024, IRCC reported that nearly 50,000 international students failed to attend their designated learning institutions despite holding valid study permits. The report reveals that 6.9 per cent of international students did not adhere to the terms of their study permits during the spring of 2024. Institutions failed to provide status updates for over 23,000 students. This lack of accountability

raises concerns about the efficiency of the International Student Compliance Regime, introduced in 2014 to curb the misuse of study permits. The alarming figure highlights the prevalence of fraudulent activities within the international student program.

Asylum policy is a contentious issue in every refugee-receiving country. In recent years, the number of refugee claimants has reached gargantuan proportions and has undermined public confidence in the system. The high acceptance rate, the ability of individuals already in Canada to abuse the system by filing frivolous claims to extend their stay, and the difficulty in articulating a principled policy created the current problem.

Canada is faced with an asylum claims tidal wave, while the country's fiscal position and housing crisis limit its policy options. In the first quarter of 2025 alone, 5,500 asylum claims were filed by students — a 22 per cent increase compared to the same period in 2024. This trend follows a record-setting 2024, during which 20,245 international students sought refugee status, nearly doubling the number from the previous year and marking a sixfold increase since 2019. The highest number of refugee claims from students was recorded in August 2024, with 1,785 individuals on study permits applying for refugee status. In 2024, the Immigration and Refugee Board (IRB) received a record-setting total of 190,467 refugee claims. By the end of the year, 68,724 claims were finalized, with 273,000 still pending in the backlog. The recognition rate, which is determined by the number of accepted refugee claims divided by the total number of claims that have been decided by the IRB on the merits, increased to 82 per cent in the first nine months of 2024, up from 64 per cent in 2018.

The new government should abandon its lax refugee determination processes, expedite the removal of bogus claimants, increase security vetting, combat international human traffickers, deny the benefits of illegal entry to their customers who exploit the system, detain those who use false passports and identity documents, and prohibit people already in Canada from making inland claims to extend their stay as a substitute for obtaining permanent residency or thwart removal proceedings. The federal government must enforce deportation orders quickly and detain those who abscond.

Challenges also abound in work permits. Labour Market Impact Assessment (LMIA) fraud is a growing concern in the immigration system, with increasing reports of fake job offers being sold to foreign workers. An investigation by CBC revealed that between July and Sept. 2024, over 125 online ads were found in 17 cities in Canada offering LMIA-approved jobs or permits for cash, often by individuals posing as recruiters or immigration consultants. The number of ads tripled from 29 in July to 97 in September, following government restrictions that made LMIA's more difficult to obtain. The investigation revealed that some employers and immigration consultants were abusing this system by selling fraudulent job offers to foreign nationals for fees ranging from \$20,000 to \$50,000. This exploitation not only places vulnerable migrants in precarious situations but also undermines the integrity of labour and immigration systems.

Proponents of increased immigration levels argue that immigration is essential to grow the economy. But what matters is not the total size of the economic pie but the size of the average slice and how it is divided. Increasing low-skilled immigration to increase the overall size of the economy risks driving down average living standards. From January to October 2024, 162,100 new work permits were issued under the Temporary Foreign Worker Program (TFWP), with a 2025 target of 82,000 entries (excluding seasonal workers) under the new immigration levels plan.

Relying heavily on low-skilled temporary workers may increase overall GDP, but it risks putting downward pressure on wages and working conditions for lower-income Canadians. Research on economic growth suggests that to improve GDP per capita and long-term productivity, immigration policy should focus on attracting skilled workers who can help raise the overall skill level of the labour force and support innovation and capital investment, particularly in emerging technologies. The high-skill streams of temporary foreign worker programs, such as the global skills strategy, have the potential to strengthen Canada's position in the global competition for talent. These programs allow employers to identify top foreign workers and provide growing businesses with a fast and responsive system for recruiting foreign workers.

As of April 29, 2025, IRCC is contending with substantial processing backlogs, posing a significant challenge for the Carney government. The backlog includes 356,200 temporary residence applications (40 per cent of the total), 380,100 permanent residence applications (45 per cent), and

43,600 citizenship grant applications (18 per cent) — all exceeding IRCC’s published service standards. As of May 2025, the processing time for in-Canada work permit extensions has increased to approximately 233 days, up from 227 days in April 2025. Between September 2023 and March 2025, LMIA processing times nearly tripled from 58 to 165 business days.

This significant delay disrupts the lives of applicants, affecting their ability to work and travel. Prolonged wait times can lead to lapses in legal status, making individuals vulnerable to exploitation and limiting their access to healthcare. Addressing these backlogs is critical to maintaining the reliability of the immigration system and ensuring that applicants are not left in precarious situations due to administrative delays.

Canada’s immigration system stands at a pivotal moment, facing significant challenges. While the system must undergo meaningful transformation to keep pace with evolving demands, there remains a strong national consensus about the economic benefits of legal immigration. However, growing concerns about the country’s capacity to absorb new arrivals, particularly in relation to housing, healthcare, and the rising cost of living, cannot be ignored. Moving forward, strategic, balanced policymaking will be essential to maintaining public confidence and ensuring that immigration continues to serve the best interests of all Canadians.

Sergio R. Karas, principal of Karas Immigration Law Professional Corporation, is a certified specialist in Canadian Citizenship and Immigration Law by the Law Society of Ontario. He is co-chair of the ABA International Law Section Immigration and Naturalization Committee, past chair of the Ontario Bar Association Citizenship and Immigration Section, past chair of the International Bar Association Immigration and Nationality Committee, and a fellow of the American Bar Foundation. He can be reached at karas@karas.ca. The author is grateful for the contribution to this article by Jhanvi Katariya, student-at-law.

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