

## **Study on Temporary Foreign Worker Program**

**Brief Submitted to the House of Commons Committee on Human Resources,  
Skills and Social Development and the Status of Persons with Disabilities**

**lululemon athletica**

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## introduction

As one of the few vertically integrated companies in the apparel industry based in Canada, lululemon athletica has a broad range of skilled and specialized labour requirements, all of which are necessary to remain competitive and successful. In order to continue to grow as a Canadian success story, we require – and *will* require – top experienced global talent. Despite our investments in training and education, including partnerships with post-secondary institutions, Canada simply does not produce enough skilled, specialized workers to meet our demand. Our assessment of the effectiveness of the TFW program is that it is not able to effectively and efficiently meeting our industry’s labour market requirements. It is not responsive enough to our high growth and dynamic sector, and is administered in a manner that is reflective of how our industry recruits and retains top global talent.

For the interests of our industry, **the only way for the TFW Program to effectively manage labour market facilitation would be with an exemption from the Labour Market Impact Assessment (LMIA) Transition Plan for this particular sector – namely the vertically-integrated apparel industry.** Our industry’s lifeline relies on the ability to attract high skilled top global talent, and onboarding these individuals swiftly. The required exemptions would be **similar to those already granted to the film industry and Canadian universities, which are also highly dependent on key international talent without the drawn-out process of creating transition plans for each new recruit.**

## why we are submitting to this committee

We are submitting to this committee because there is a **critical talent shortage** for key head office positions in the vertically-integrated apparel industry – particularly in design, product development and digital roles.

The Temporary Foreign Worker program is currently our primary recourse to address structural labour market needs, yet the program is bureaucratic, sluggish, and ill-equipped to meet the needs of high-skill, high-speed, globally competitive sectors.

The apparel industry requires an LMIA transition plan exemption to meet its unique labour market needs effectively and efficiently.

Our required talent is not produced within Canada, and in order to compete on the global stage, we need the ability to effectively attract and retain this top talent globally. Canada has an opportunity to build a global hub for high-quality technical performance apparel design – with all the economic and social benefit that comes with global hub status in an industrial sector – but only if the labour force challenges are met with appropriate public policy.

lululemon has engaged with federal and provincial officials since December 2014 to discuss the TFW program and the challenges it currently presents to continuing to build a global apparel company in

Canada. We welcome this committee's study as a further chapter in reviewing a public policy framework that must be streamlined and made more responsive to the industries it is designed to serve.

The current immigration programs constrain our ability to grow and mobilize our global workforce. This talent is in high demand globally and in order for Canadian companies to compete, we need to offer immigration programs that are conducive to our industry. The three biggest challenges we face are:

1. **Transition plans:** The requirement to transition the employee positions to a Canadian within two years cannot occur in a high growth global apparel company that is expanding significantly through entry into new markets, brands, and product lines. This talent does not exist in Canada, yet our skilled employment needs are constantly expanding.
2. **Processing time:** We require expedited processing for all applications regardless of salary level due to the lengthy recruitment cycle, in order to identify this niche apparel talent. For non-expedited applications that are below \$86,000, the 8-12 week wait time is too long to be effective.
3. **Advertising salary:** We cannot always predict the level of experience that final candidates will have, and although a range is required, this information should not have to be made public for high skilled roles.

## LMIA transition plan activities

It is clear that the current transition plans restrict global companies that require top creative foreign talent and cannot transition those roles to Canadians within two years. Exemptions have already been granted to the Film industry, Canadian universities, and Microsoft, who are no longer required to conduct a labour market test for each application or create an individual transition plan.

- There is an **industry wide talent shortage in Canada** and the talent pool does not exist.
- Two year transition plans that are *specific to each application* are not feasible for high skilled roles for global companies that are experiencing high growth.
- We have already proactively gone above and beyond the suggested transition plan activities. We should not face restrictions in hiring those who do not fit within the prescribed transition plans. Such policy is illogical and counter to economic interests and sound business practices.

<b>Suggested LMIA transition activities</b>	<b>lululemon's current transition activities</b>
Increase wage offered	We already have an internal compensation team that evaluates competitive pay ranges using global market data.
Employee referral incentive program	We already offer this.
Offer part-time or flexible hours as an option	Part-time work would not be conducive to operating a global business with highly skilled employees that are required full time. We offer flexibility where and when we can.
Offer health benefits	We already offer competitive benefits including RRSP and ESPP.
Job fairs	We attend local & international job fairs with schools that offer relevant degree programs to our industry (athletic apparel design, textile science, etc.).
Financial support for relocations	We already offer this.
Hire headhunting firm to identify prospective candidates	We already have an internal recruitment team of nine full time recruiter employees. We do engage with headhunting firms for certain roles.
Partner with unions / industry associations to identify candidates	This does not apply to the talent we require.
Ongoing advertisement / modified advertising plan (different source)	We continually advertise on social media, job boards, linkedin and relevant sources where our talent is active. Our full time recruiters are our main source for headhunting since we do not receive qualified applications from general job postings.
Apprenticeship / internship / Co-op	We already offer this.
Government programs	We already participate where we can.
Paid-leave for education	We already offer on a case-by-case basis for relevant courses.
On-the-job-training	We already have an internal learning and development team that partners with the business to create comprehensive internal training programs.
Other – investments in post secondary	We co-founded the Technical Apparel Program at Kwantlen University in partnership with Chip & Shannon Wilson - \$12M invested.
Permanent Residency	We already support all costs associated with applying for Permanent Residency and have a vested interest in grounding our employees long term in Canada. We submit that the decision to apply for PR should be for the employee to make and not due to a transition plan committed made on their behalf.

## LMIA program limits

### transition plans

- As demonstrated in the above chart, we are fully participating in all the suggested transition plan activities, and maintain that it is counterproductive and growth-stifling to be required to create individual transition plans.
- Senior level roles often require 8 -15+ years of experience and these employees are highly valuable and cannot knowledge transfer within two years.
- Apparel design cycles have long lead times of 12 months or more prior to product hitting the store floor so a new employee would only experience 1-2 learning cycles of the go-to-market calendar in a two year timeframe.
- High growth companies such as lululemon have new vacancies being created constantly, and the Canadian labour market simply does not have enough qualified employees to transition roles and fill new vacancies.
- Workforce talent pipelines are planned for 5-10+ years – not in two year segments.
- Pooling resources together as an industry will increase the impact of the activities to make a significant long term shift with the effect of increasing talent for the Canadian apparel industry as a whole.
- Global headquarters often require talent from multiple countries for short term assignments.
- Greencard holders and other global talent may not wish to apply for Permanent Residency (PR) in Canada, yet can still bring tremendous value to Canada over 3-5 years.
- The expectation that a PR transition plan will be executed 100% of the time is unrealistic in the top global talent, high-skilled labour market. The current requirement does not allow for the employee to have full choice about pursuing a Permanent Residency application, and personal and professional circumstances often change. Employers should only be required to meet an arbitrary (70%) compliance with the PR transition plan and should still have the ability to immigrate within that National Occupational Classification (NOC).
- The requirement for the PR transition plan should be limited to the employer offering to cover the full cost, and leave the employee with full choice if they want to pursue permanent residency. If an employee decides not to pursue PR, skilled workers in supply-shortage areas should still be able to renew the LMIA work permit and provide valuable skills transfer over 2-5 years.

## non-expedited processing times

- We do hire specialized professionals in the \$65,000 - \$85,000 range, and many are urgently required to onboard swiftly at our Vancouver headquarters.
- It is costly to the business to create an out-of-country onboarding plan to retain that new employee outside of Canada during the 8-12 week non-expedited processing time. This arbitrary framework is simply incompatible with the business cycles of our industry.
- In cases where the candidate is from a visa requiring country (ie. Hong Kong) we are waiting 6-10 months before they can start in Canada. This means we can lose an entire business cycle. That, in turn, means loss of business opportunity to the company and loss of economic growth for the city, province and country.
- We have had occasions when accepted offers drop out during this longer processing waiting time because of the long lag – it allows their current employer to win them back, or other retailers to attract them within more attractive onboarding policy frameworks. In other words, we are not maximizing potential “brain gain”.
- The process of advertising and head hunting to find the top talent, fly them in for interviews, present an offer, process acceptance, initiate immigration, and finally relocate them to Vancouver is already a very long. Any added delays and program changes in immigration policy are making this process simply unmanageable. Once again, lost potential and lost global “brain gain”.

## prescribed advertising

- Since highly skilled, specialized, workers are not readily available in Canada in sufficient numbers, there should not be a need to **re-establish** this labour market shortage with each LMIA work permit
- Current processes to establish a talent shortage do not reflect industry norms of recruiting. High skilled talent do not apply to job postings.
- We cannot predict salary ranges four weeks in advance of finding the final candidate and compensation will depend on the value they bring to our organization, and the value of the individuals specialized skill set.
- We are wasting time re-advertising to get the correct ranges advertised for four weeks.
- We are also unable to leverage an unnamed LMIA since we are unable to predict the final salary that we would offer and a 6 month validity is too short for securing the required talent.
- Having a publicly posted salary range during negotiations with a final candidate does not align with industry recruitment norms for high skilled positions. It is uncompetitive and bad practice.

- Current employees already on an LMIA-based work permit should not have their position re-advertised to re-test the labour market and hold them back from accepting a promotion until a new work permit is approved.
- Removing the salary ranges will not decrease the amount of qualified applicants or hinder our ability to attract any skilled Canadian candidates.

## **safeguards already in place**

It is very cost efficient to hire locally or within Canada, whenever possible. If we could do so for all our positions, we would. We also experience greater employee retention with Canadian sourced candidates, so it is always preferred to find a Canadian first. Companies that are investing heavily in relocating and immigrating highly skilled workers already have a strong interest in keeping that employee in Canada for the long term due to the associated cost with recruiting top talent globally.

## **suggested criteria for an Apparel Industry LMIA transition plan exemption:**

Instead of providing activities specific to each role, the apparel industry exemption would recognize the critical talent shortage, and assess the industry-wide transition activities for a longer time period, such as five years. The industry would still participate in the suggested activities on a company-wide basis.

### **Why consider industry talent pools?**

High growth global companies have a positive impact on the economy as new job vacancies are created. Operating in a niche industry based in Vancouver that has a lack of apparel talent and limited educational institutions providing relevant programs only magnifies talent shortage issues. Companies need to take a holistic approach on the talent pipeline shortages to make any progress with increasing the local talent pool. This cannot be measured in two year segments in isolation, or specific to a given role. The exemption from transition plans would instead capture these activities at a macro level and can measure the success of the company's growth, internal promotion, functional training implemented, and external educational investments. This program would only be accessible for companies that require highly skilled foreign workers within niche industries. Below would outline proposed criteria for a company to qualify:

- Vertically Integrated global apparel company headquartered in Canada;
- Annual revenue of at least \$100 million (to demonstrate the level of specialization and technical roles required in the company's organizational structure);
- Outline the common NOC codes covered: 0015, 0016, 0113, 0911, 1122, 2233, 5243, 5245, 6233;

- Provide proof of current transition plan activities including:
  - Internal recruitment team specialized in seeking highly skilled workers and utilizing head hunting agencies in difficult to recruit roles;
  - Internal training programs in place for knowledge transfer and skills training to support internal promotions;
  - Educational partnerships including at least two activities (internships, job fairs, investments, and internal employees instructing at local schools);
  - Relocation packages to provide financial support to relocate Canadian talent or repatriate Canadians back to Canada; and
  - Permanent Residency human resource policy that includes supporting all costs associated with the employees application and a demonstrated track record of utilizing the PR programs.

## Conclusion

Our industry's lifeline in Vancouver depends on attracting and quickly onboarding top global talent. Our industry would have not have been able to grow in Vancouver over the past 20 years if we were not able to attract and retain the top talent required to create quality technical apparel products. These are high-skill positions feeding a very competitive global industry.

We will need to have the right people in place, both Canadian and international talent to drive the growth of our industry to \$10 billion and above. We are requesting that these current constraints be modified to allow us to continue on our aggressive growth plans from within Canada.

The demand for temporary foreign workers is only increasing to support accelerated growth in the premium performance apparel industry in Canada. We require experienced industry leaders to drive this growth and create Canadian jobs and economic growth. To make this happen, we need nimble and responsive immigration programs that work. The current Temporary Foreign Worker Program does not meet the demands of high growth industries with high skilled labour shortages. The TFW program is slow, designed for low-skill positions, and stunts rapid recruitment and deployment of skilled workers and executives as required by a globally-competitive and fast-paced industry.

The Apparel Industry should have the same LMIA transition plan exemption as the Film industry and Canadian universities. Advertising and wage posting requirements should be waived for this sector. Transition plan activities such as Permanent Residency should be optional and not a requirement of the TFW program.

## summary of recommendations

1. lululemon athletica respectfully recommends that the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities consider including the following recommendations in its report to Parliament in relation to the Temporary Foreign Worker Program: For the vertically-integrated apparel sector, a *standing exemption of the LMIA transition plan for categories* of high skilled workers, to be granted and reassessed every five years to increase the industry talent pool. This approach would recognize that employers in our industry have been proactive with transition plan activities on a company wide basis and could continue these efforts towards long term talent pipeline growth that is aligned with industry norms.
2. For the vertically-integrated apparel sector, advertising requirements and wage posting requirements should be waived on high skilled positions.
3. High skilled TFW work permit holders should not be required to obtain a new LMIA based work permit in order to be promoted in the same or similar NOC code.
4. Unnamed LMIA work permits should be issued in bulk under NOC codes without being fixed to an exact salary as long as the final offer is above prevailing wages. These should be valid for at least 12 months and offer a greater degree of flexibility.

# ANNEX 1 - Introduction to vertically integrated apparel industry

Canada – in particular, British Columbia – is home to an indigenous sector of vertically-integrated technical apparel manufacturers. This local apparel hub has great momentum for continued growth and would not exist in Canada at this level without the expertise of highly skilled and specialized foreign talent. Our long term industry growth and talent development is depending on effective immigration programs to support this economic growth.



- We source the raw materials, create designs and develop our own products from our Vancouver headquarters to exclusively sell our apparel and accessories through our corporate owned retail stores and ecommerce website
- This requires a unique skill set that is not readily available in Canada. Developed university programs producing this talent do not exist in Canada to close this gap in the near future
- Creative talent is mobile and we need to attract and retain top international talent to influence new trends and provide the technical product expertise that is required in our industry
- These Canadian success stories are all high-growth companies expanding into new product lines and entering new markets internationally
- This submission is being made on behalf of lululemon athletica and the inclusion of other companies is to demonstrate the industry size, talent pool within Canada, and potential growth opportunities.



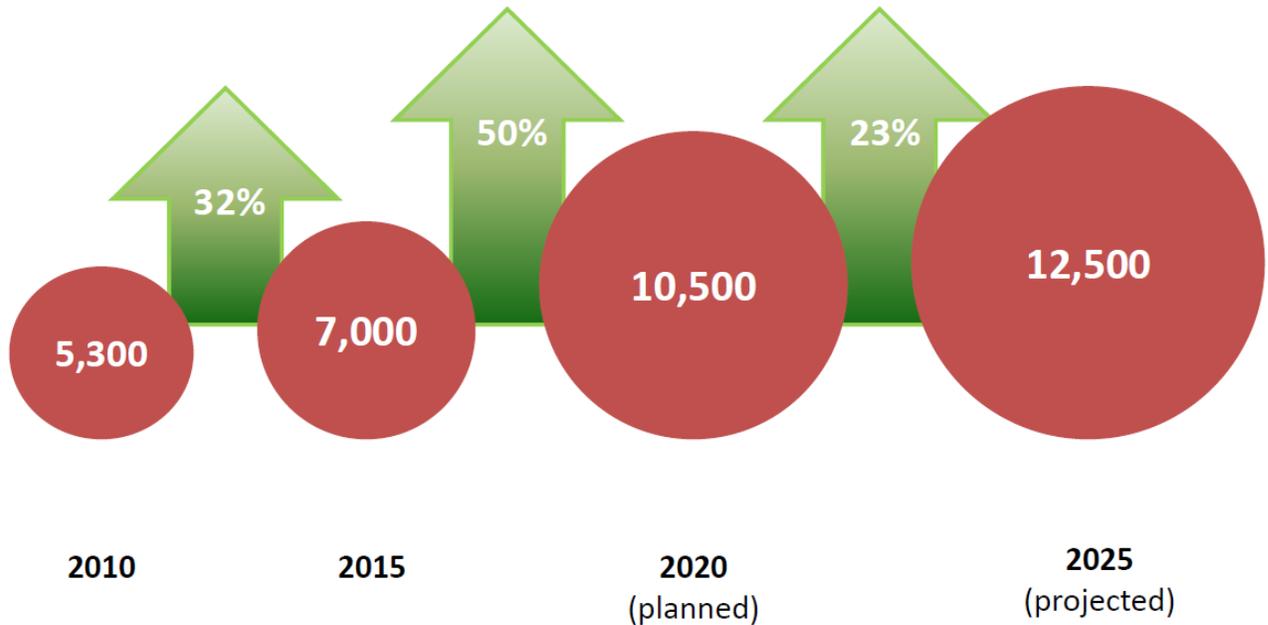
## ANNEX 2 -- About lululemon athletica

Founded in 1998 we are a proud Canadian athletic apparel retailer. lululemon has over 10,000 employees globally. In Canada we have 3,300 employees and 1,040 of them are based at our head office in Vancouver.

As one of the few vertically integrated apparel companies in Canada, we source the raw materials, create designs and develop our own products from our Vancouver headquarters to exclusively sell our apparel and accessories through our corporate owned retail stores and ecommerce website.

Our industry currently employs over 7,000 people in British Columbia. In 2014 total sales exceeded \$3 billion and exports to over 50 countries.

## ANNEX 3 – Pattern of Job Growth in BC Apparel – real and projected



\*projected growth provided by CME