



lululemon athletica
Pre-Budget Submission

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House of Commons Standing Committee on Finance

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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 3,400 employees and 1,200 of them are based at our head office in Vancouver. Our 2015 revenue was \$2.1 billion and over the next five years we plan to grow our business to \$4 billion.

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 internationally.

Our industry currently employs over 7,000 people in British Columbia. In 2014, total sales exceeded \$3 billion and exports to over 50 countries. These Canadian success stories are all high-growth companies expanding into new product lines and entering new markets internationally. They have grown and thrived on a high-value, highly-skilled workforce. That is what “vertically-integrated” means.

In order to keep growing, our industry needs to continue to attract and retain top international talent, from specialized design roles to specialized technical product development and testing roles, and much more.

Executive Summary

As one of the few vertically integrated companies in the apparel industry based in Canada, lululemon athletica has a broad range of highly-skilled and specialized labour requirements, all of which are necessary to remain competitive, successful, and to continue to contribute so strongly to the Canadian (in particular, British Columbian) economy. In order to continue to grow as a Canadian success story, we require and will continue to require top experienced global talent in the foreseeable future.

Despite our investments in training and education, including partnerships with post-secondary institutions in our region to train aspirants for our industry, Canada currently does not produce enough skilled, specialized experienced workers in our required areas to meet our demand. Our recourse has largely been the Temporary Foreign Worker (TFW) Program.

Our assessment of the effectiveness of the TFW program is that it is not able to effectively and efficiently meet our industry's labour market requirements. It is not responsive enough to our high growth and dynamic sector, and is not administered in a manner that is reflective of how our industry recruits and retains top global talent in a modern, fast-paced and highly-skills-competitive environment.

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.

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 requirement for this particular sector – namely the vertically-integrated apparel industry. 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 individual transition plans for each new (and very often, *temporary*) recruit.

We also recommend that in order to develop a talent pool that will be able to fill these highly skilled positions in the future, the federal government collaborate with industry partners, and invest in directed educational and training opportunities. By providing grants and loans to eligible applicants to gain the specific skills and training required to fill these positions, the federal government will be playing a vital role in supporting the vertically apparel industry in Canada.

1. What federal measures would help **Canadians** generally – and such specific groups as the unemployed, Indigenous peoples, those with a disability and seniors – maximize, in the manner of their choosing, their contributions to the country’s economic growth?

Industries that are undergoing accelerated growth provide excellent employment opportunities. However, due to the shortage of skilled labour they may not be able to fill these positions in time. By investing in greater directed education and training opportunities, and by collaborating closely with industry to ensure that the training specifically fits domestic labour market shortages, the federal government can help underrepresented and underemployed groups gain the skills and training to fill Canadian positions.

Over the next ten years, the apparel industry in British Columbia alone is expected to create over 5,000 more jobs in addition to the 7,000 jobs already in place. A strategic training partnership with growing, innovative, industries experiencing labour market shortages can prepare Canadians for positions that are in high demand and maximize their contributions to the national economy.

Canada’s technical apparel industry is currently investing in educational and training programs specific to our industry. There is a lag, however, as it takes time to build up the skill shortages through new training, as opposed to recruitment. We are seeing results, however, and we need federal skills training to collaborate with us as well to ensure its own skills training supports are in line with industry’s needs. Partnerships with high-TFW-use industries are the natural answer.

Additionally, by supporting training for responsible businesses that are actively trying to reduce their environmental footprint, the federal government will be encouraging a low-carbon industry to flourish in Canada.

2. What federal actions would assist **Canada's businesses** – in all regions and sectors – meet their expansion, innovation and prosperity goals, and thereby contribute to economic growth in the country?

Successful, high growth, global companies have a positive impact on the economy by creating new jobs, stimulating economic activity through their operations and supply chains, and through taxes paid to governments which are reinvested into other areas of need.

Canada – in particular, British Columbia – is home to an indigenous sector of vertically-integrated technical apparel manufacturers. This regional concentration has momentum for continued growth, and would not exist in Canada, at this level and at this time, without the expertise of highly skilled and specialized foreign talent.

We recommend that instead of providing activities specific to each role, the Labour Market Impact Assessment (LMIA) *Transition Plan* 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.

The exemption from transition plans would capture these activities at a macro level, and it would be possible to measure the success of the company's growth, internal promotion, functional training implementation, and external educational investments.

Such a proposed framework would only be accessible for companies that require ***highly skilled foreign workers within niche industries***.

To be specific, we suggest the following outline criteria for a company to qualify:

- Vertically Integrated 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);
- Would apply to specific NOC codes: 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 employee's application and a demonstrated track record of utilizing the PR programs.

(Note: in dealing with high-skilled temporary foreign workers, our experience is that not everyone intends to pursue permanent residence. As with several other fields, some of our TFWs choose to come to Vancouver to fill the role for three to five years, and then return to New York or London or wherever their previous base was. We, therefore, do not believe that permanent residency should be necessarily intrinsically linked with the TFW program for skilled professions.)

3. What federal measures would ensure that urban, rural and remote **communities throughout Canada** enable residents to make their desired contribution to the country's economic growth and businesses to expand, prosper and serve domestic and international customers in order to contribute to growth?

As a vertically integrated company we understand that our actions have an impact on the environment. In order to play our part in climate change adaptation we have proactively worked on reducing our carbon footprint and expand our various practices of sustainability.

We have reduced energy use at our stores and distribution centres, and since 2011, report our carbon footprint to the Carbon Disclosure Project (CDP), an international, not-for-profit organization. We also work together with other apparel brands globally to reduce our environmental impacts. Greater sustainability and a lower environmental footprint helps Canadians in *all* communities, regardless of where they live.

As for maximizing economic access, the best things that government can do is sustain a viable and rich ecosystem that sustains Canadian businesses. Facilitating growth and expansion -- and by extension, job creation -- through responsive public policy is critical. Tailored adjustments to the cumbersome Temporary Foreign Worker Program, making it better serve the real companies who want to expand and provide high-skill economic opportunities, would be an excellent place to start.

Conclusion

The vertically integrated apparel industry has witnessed significant growth in Canada over the past decade. In order to continue growing in a very competitive marketplace, we depend on highly skilled and specialized talent. Currently, there is a shortage of the kind of specialized talent our industry needs here in Canada, and our investments in education and training will help generate more made-in-Canada specialized skilled labour for our industry in the future.

In the interim, our growth and our ability to remain headquartered in Vancouver will require that the vertically integrated apparel industry be granted a similar LMIA transition plan exemption as the Film industry and academia. Advertising and wage posting requirements should be waived for this sector for particular NOC Codes. Transition plan activities such as Permanent Residency should be optional and not a requirement of the TFW program for skilled workers. Such an exemption would allow us hire critical staff and onboard new employees quickly, while continuing to contribute so significantly to the Canadian economy by producing high quality jobs, products, and economic value throughout the labour and product supply chains.

Investing in educational and training opportunities, conducted in coordination with industries featuring chronic skilled labour shortages, is another measure the federal government can expand and refine to help fill labour market deficiencies in skilled areas. By collaborating directly with industry partners and by providing grants and loans to eligible applicants seeking to train in these specific areas of need, the federal government will be providing Canadians an opportunity to enter the workforce in desired skilled positions and, in so doing, fulfill their full economic potential.

For further information, please do not hesitate to contact us at:



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