



Sept. 9, 2013

Colin Spencer James  
Director, Program Policy & Design  
Temporary Foreign Worker Program  
Skills and Employment Branch  
Employment and Social Development Canada  
140 Promenade du Portage  
Gatineau, Quebec K1A 0J9

Dear Mr. Spencer James,

**Re: Transition Plan consultation - Temporary Foreign Worker Program**

Further to your invitation, the Canadian Chamber of Commerce is pleased to provide written comments on the new Transition Plan requirement. As the government has stated, this new requirement will be introduced to ensure employers who rely on temporary foreign workers have a firm plan in place to transition to a Canadian workforce over time through the LMO process.

Please find the Canadian Chamber's responses to the transition plan questions in the attached document. Our opening comments are as follows:

Regarding the requirement for a transition plan to a Canadian workforce for employers applying for temporary foreign workers (TFWs) requiring labour market opinions (LMOs), the Canadian Chamber of Commerce recommends that the government exempt both (a) small businesses (with less than 100 employees) given their lack of human resource capacity, and (b) employers where Canadian/permanent residents are not available for work due to low regional unemployment or low population. While employers could increase and improve their training efforts, it is a challenge to find individuals to train in regions with very tight labour markets.

The related issue of attracting Canadian workers to areas of the country where positions are available should be given high priority. Barriers to labour mobility for regulated professions and apprentices in skilled trades remain a problem in Canada.

These workers represent important segments of Canada's labour force and barriers including residency requirements; certain practices regarding occupational licensing, certification and registration; and differences in how occupations are recognized, continue to hinder labour market flexibility and productivity. Canada's Employment Insurance system also discourages labour

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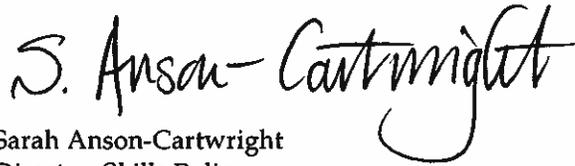
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mobility with its varying qualification requirements and benefits. Additionally, impediments to labour mobility which may be related to moving costs, housing markets or other economic issues may be worth better understanding if the government seeks to foster better labour market outcomes.

Thank you for the opportunity to provide the views and recommendations of members of the Canadian Chamber. Please contact me with any questions or comments at telephone 613 238 4000 ext. 236, or via email at [sanson-cartwright@chamber.ca](mailto:sanson-cartwright@chamber.ca).

Yours truly,

A handwritten signature in black ink that reads "S. Anson-Cartwright". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Sarah Anson-Cartwright  
Director, Skills Policy

**Attachment:** Transition Plan Discussion Questions - Response of the Canadian Chamber

## Transition Plan Discussion Questions

### Response of the Canadian Chamber of Commerce

Sept. 9, 2013

#### Opening comments

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These workers represent important segments of Canada's labour force and barriers including residency requirements; certain practices regarding occupational licensing, certification and registration; and differences in how occupations are recognized, continue to hinder labour market flexibility and productivity. Canada's Employment Insurance system also discourages labour mobility with its varying qualification requirements and benefits. Additionally, impediments to labour mobility which may be related to moving costs, housing markets or other economic issues may be worth better understanding if the government seeks to foster better labour market outcomes.

#### 1. **What are some of the key challenges you hear from members with respect to recruiting and/or training Canadian citizens or permanent residents to fill job openings?**

Members face a range of recruiting challenges. Among the toughest challenge is based on the location of the job openings and the unwillingness of individuals to consider positions in remote locations or small communities, e.g. the Territories, northern communities, and rural communities, where even commuting distances can become an issue. Employers make best efforts to recruit qualified Canadians and permanent residents and persuade them to relocate to where the hiring is happening.

However, one member commented that there are "too many people in Southwestern Ontario who are not willing to move...No one will sell a house in Sarnia in order to move to Northern B.C." Equally, an employer in that part of Ontario cannot recruit from a regional workforce that includes workers who were laid-off by neighbouring companies. "People are not willing to travel the distances to commute due to the quality of life, and the fact it is not convenient," he noted.

Another recruiting challenge is the fact that positions may not require a degree, such that people who are available and qualified for such positions prefer to pursue other positions. Attrition is a large factor due to a large sense of entitlement and the fact that some candidates' salary expectations are far too high, according to some members. Recruiters also note they experience challenges when the calibre of candidates is generally low and the pool of talent is quite dry. There

are candidates who lack the skills and experience to meet the high demand for certain skilled trades and professional occupations. Lower-skilled positions in sectors with tight profit margins – e.g. food service – may not have the scope to pay a premium to attract workers to a community.

With respect to training, it must be noted that it takes time to grow the supply of skilled trades professionals, for example. The training commitment is often in contrast to the fact that employers typically need employees in the short term. Many employers, however, are tired of poaching employees from other firms. Some companies are increasing their focus on the domestic labour market even if it means certain interventions and a commitment over a longer time period.

Certain sectors, such as the video game industry, lack qualified Canadian candidates with specialized experience. While there are sufficient new graduates to meet demand for junior-level positions, due to high demand and the general mobility of the workforce, there is a shortage of available talent at the intermediate and senior levels in this industry. As in other sectors, it is difficult to train newly graduated and entry level Canadian citizens and permanent residents without established ranks of intermediate, lead and senior level employees. This inability to fill senior position not only affects that position, but the entire team.

Without the recruitment of key talent and leadership from abroad, there would not be the video game projects to create new positions in Canada, and without new projects and positions, Canadians would not have the opportunities to gain valuable experience and training in this sector. This sector is not alone in experiencing this dual challenge of training Canadians, while requiring more experienced individuals to lead projects in Canada.

**2. Could you provide examples of successful/innovative strategies used by your members to recruit Canadian citizens or permanent residents, either to fill new positions or to replace temporary foreign workers currently employed?**

Many examples of successful recruitment strategies are based on community-based connections between employers and educational institutions. Consider, for example, the training arrangements between Bombardier and Centennial College, and between Toyota Canada and Conestoga College.

Strong relationships with local universities and colleges and other top post-secondary institutions across Canada are important with respect to entry-level recruitment in many sectors. Members may work with institutions to provide feedback on programs and curricula to ensure new graduates are prepared for careers in specialized fields.

Among the ways in which members may seek to fill new positions with Canadians or permanent residents include:

- Recruiting co-op students and interns to give them exposure to careers
- Attendance at on-campus career fairs
- Hosting technical talks
- On-campus screening interviews
- Hosting “meet the company” events for potential candidates
- Regularly inviting secondary school students to company sits for field trips to encourage higher enrollment numbers in relevant degree programs, and

- Implementing scholarship programs for the most promising students.

Members also report using third party recruiters, “guerilla” recruiting methods, “getting in” with the local minority groups, and becoming more visible in the communities.

At least one member has cited a pragmatic approach to attracting Canadians or permanent residents to positions: offering a Monday-Friday daytime work schedule, while filling in other work hours with other workers.

Companies typically use every available method for recruitment, including:

- Online sourcing tools like LinkedIn and LinkedIn Recruiter
- Large internal databases of candidates collected through job postings
- Central Sourcing team targets passive candidates
- Attendance at networking and industry events
- Throwing parties to attract talent
- Social media campaigns, and
- Employee referral program with monetary incentives.

**3. In your view, what would be reasonable commitments for employers, when applying for TFWs, to make to transition to a Canadian workforce:**

**a. Annual financial investments (e.g. 1% of payroll) towards recruiting and training Canadians?**

No. Members do not believe that a financial commitment would be reasonable, fair or even effective in fostering the recruitment and training of Canadians. Consider that small businesses are a large client base for the TFWP’s LMO process, yet they are least well equipped to fund and offer training to employees. In addition, while a large number of employers seeking TFWs may be in Alberta, the need to train Canadians may be greater in other provinces with higher levels of unemployment, for example. In this way, requiring a commitment of investment in recruiting and training in areas of low unemployment may not support the goal of more Canadian workers qualified to fill open positions.

Companies that rely on TFWs typically invest considerable resources in recruiting and training Canadians. Based on ad hoc recruitment efforts and depending on the complexity of the positions, up to 25% of the first year’s annual salary per worker is invested into recruiting efforts, according to one of our members. As technologies, tools and techniques evolve rapidly, there is frequent in-house training for employees. The labour market in some sectors is highly dynamic and constantly changing, so level of investment is variable too.

**b. Additional recruitment activities beyond the normal advertising efforts required by the TFWP, including seeking potential employees outside of your region?**

Companies that rely on TFWs already engage in extensive recruitment activities locally and nationally. ESDC has recently doubled the advertising period for LMOs, adding further

requirements. Given the extensive requirements for LMOs, requiring further recruitment activities may be excessive.

One of our members runs an interprovincial recruitment program where they, as a recruiter, collaborate with their network of branches in the country to locate talent in areas with higher unemployment. For example, they will recruit heavy equipment technicians from Ontario and the Atlantic provinces for their clients in the Prairies, relying on their branches in those regions.

Additionally, members note that advertising out of region will not necessarily yield better results if there are other barriers to mobility (e.g. high moving costs, unwillingness to sell one's home and relocate, or social concerns).

### **c. Ongoing efforts to reach out to underrepresented groups?**

As one member said, outreach to underrepresented groups is table stakes: employers ought to do it. However, employers face the issue of location or geography, where large numbers of unemployed or underemployed people in the population may be located in regions they are unwilling to leave.

Many members are focusing on Aboriginal peoples in locations near to resource sector projects. Employers are realizing it can be well worth the effort to reach out and work with First Nations communities, to encourage workforce development among their people.

Other members are connecting with the local minority groups, participating in Aboriginal job fairs, attending sweat lodges and different cultural festivals so they can gain a larger sense of these communities and their cultures.

In industries requiring highly skilled workers with significant education in the STEM (science, technology, engineering and math) fields, the underrepresentation of groups reflects a larger, systemic issue with those groups not pursuing relevant degrees in large numbers. There are important initiatives underway to reach out to certain groups during their elementary and secondary school years. These efforts are supported by companies, but undertaken at a national level typically; for example, the programs of Actua.

### **d. Offer incentives to attract Canadian employees?**

A key concern is how large an incentive would actually attract a Canadian worker to relocate from one region of a country to another, even in the face of persistent unemployment. Some propose that government should incent employers to attract employees where there is high need, to assist in labour market adjustments.

Currently, many companies already offer variety of incentives to attract employees, including:

- competitive salaries and bonuses (signing and/or annual)
- stocks
- RRSP matching
- employee stock purchase plan
- comprehensive benefits

- vacation
- holiday closures
- flexible work hours, and
- opportunities for training and advancement through in-house programs, etc.

**e. Develop/sponsor apprenticeship, internship, co-op or other recruitment programs?**

Many companies already develop strong relationships with post-secondary institutions and offer a variety of programs. Internships and co-op programs have become very popular, as more institutions recognize the value they offer to students before they transition to the workplace. Establishing this as a requirement for LMOs, however, would be restrictive and penalize smaller firms that do not have the capacity to offer these types of programs.

Apprenticeships are important and more employers should be encouraged to offer them. However, governments and stakeholders must first address several issues that continue to hinder the system including the ability of employers – especially small businesses which constitute the majority of employers of apprentices-- to offer this kind of training.

**f. Support the transition of new or currently employed TFWs to permanent residency? If yes, what types of support could be considered, both prior to, during and after the transition?**

Members indicated that many already do this, and in some cases approximately 50% of employees initially brought in under the TFWP are transitioned to permanent residency.

Companies already provide practical and financial support for currently employed TFWs transitioning to permanent residence. Employers provide letters for the transition to PR through the PNP programs, assistance with applications, sponsorships, and fees.

The issue that most companies have is that once a worker becomes a permanent resident, then they have the option to leave that role which creates a higher rate of attrition.

Settlement programs and services are very valuable and members cite concern about the diminution of service organizations in certain communities or regions. In addition, members believe there should be help available to spouses to find work.

Establishing this as a mandatory criterion for LMOs with an arbitrary level of support could be restrictive.

**g. Increase the number/amount of training activities for existing employees?**

This proposal needs to be very carefully considered relative to the employers' requirements for vacant positions and whether training existing employees would assist in filling those positions on a short-term basis. The reality is that the level of job in certain companies does not require much training; certainly there is no scope to increase training relative to the nature of many low-skilled positions. In other cases, a firm's growth and expansion of production may require increasing the

numbers of employees, not simply training to increase existing employees' productivity or skill sets.

Many companies provide significant training activities for existing employees, and yet find it challenging to fill all the high skilled positions they have open.

Establishing this as a mandatory criterion for LMOs would be extremely problematic for the many firms which are in need of increased numbers of employees to complement an existing workforce and support production activity.

#### **4. How should expectations differ for employers by size, sector, region, and/or skill level?**

The Canadian Chamber proposes that the government exempt employers who meet certain criteria from the requirement for a transition plan. Small businesses (with less than 100 employees) should be exempt from transition plan requirement given their lack of human resource capacity to develop, fund and implement such plans. Additionally, employers where there are no available Canadian workers due to low unemployment or a low population should also be exempt from the requirement. High-tech sector companies employing many high-skilled employees in occupations with known labour shortages also seek to be exempt from the requirement for a strict training plan.

In certain regions, there are simply no people available locally to fill vacant positions. In addition, there are significant challenges in attracting qualified Canadian candidates to relocate to take certain jobs. For employers of low-skilled workers, their experience is that many Canadians do not want these jobs. For employers seeking highly skilled workers, they cannot replace TFWs in those positions with people who have taken a short-term course or training.

The transition plan requirement seems predicated on a static labour market where Canadians can be trained in the short term. The labour market for some sectors is very dynamic, constantly changes, and cannot be cultivated in the short term. Regions such as the Maritimes are especially reliant on immigration in order to operate digital media studios, for example, but the labour shortages are nationwide.

It might be instructive to have data for an analysis of what portion of the domestic skills shortages are due to a lack of skilled individuals and what portion may be due to an unwillingness of skilled Canadians or permanent residents to move to where there is work.

#### **5. Would you foresee government programming playing a role in your transition plan?**

Regional incentives to address housing or other cost-of-living issues have been suggested by members. Incentives to encourage people to move might also support a transition plan.

#### **6. What consequences should there be for insufficient progress on commitments over time?**

Members has suggested there should be no consequences especially in the cases where insufficient progress is the result of (a) the location of the positions and the challenges of recruiting to certain regions, or (b) where the economic conditions include very low rates of unemployment and/or

labour shortages that cannot be addressed within the local or regional labour market by training or retraining people (there may simply be insufficient numbers of people in the labour market).

Members also expressed concerns about what kinds of metrics the government will use to track progress, and that tracking these metrics internally would be burdensome and difficult in itself. If the government were to measure the percentage of TFWs in a given company's workforce, this would fail to account for new job creation for Canadians during hiring spikes where employment opportunities are being created for both Canadians and TFWs. A company could be creating many new jobs for Canadians, but to the government, this could look like a lack of progress.

If monitoring the numbers of applications a company submits for authorization to hire TFWs, again the numbers would not reflect the bigger picture of the opportunities being provided to Canadians and the benefits to the Canadian labour market. If counting the percentage of conversions of TFWs to PRs, many companies can and do encourage TFW employees to apply for PR but the decision is up to the individual employee. Also, in evolving industries, companies are not in a position to guarantee that a PR employee will stay with the company indefinitely.