



July 27, 2009

Hon. Dwight Duncan
Minister of Finance & Chair of Management Board
Frost Building South, 7th Floor
7 Queen's Park Crescent
Toronto ON M7A1Y7

Dear Minister:

RE: Apprenticeship Training Tax Credit

On behalf of thousands of employers in Ontario's \$22 billion foodservice industry, the Ontario Restaurant Hotel & Motel Association and the Baking Association of Canada request that the Ontario government extend as soon as possible retroactive eligibility for the Apprenticeship Training Tax Credit (ATTC) to employers of foodservice trade apprentices such as Cooks and Baker/Baker-Pâtisseries.

To begin, we would like to commend the government's leadership on the issue of apprenticeships and skills training on the whole. Through its investments the government has recognized that enhancing the apprenticeship system is essential to building the skilled workforce Ontario needs to compete in the economy of today and tomorrow.

Since 2004, Ontario's ATTC program has been an important incentive for employers to take on apprentices and has served to recognize that an employer plays a significant role in cultivating skilled workers into the labour market. The tax credit reimburses corporations and unincorporated businesses a percentage of eligible expenditures per qualifying apprentice. This incentive is a key component of the government's training strategy. In the government's 2009 Budget the ATTC rate was increased from 25 per cent to 35 per cent and enhanced to 45 per cent for small businesses. Moreover the government doubled the maximum credit of \$5,000 to \$10,000 per taxation year. **However, to our great disappointment, the Apprenticeship Training Tax Credit continues to remain inaccessible to employers of apprentices in six foodservice trades including the Red Seal certified Cook and Baker positions leaving Ontario the only province in the country without a rebate program to support recognized trades in the foodservice industry. Again, we ask that you move quickly to eliminate an inequity that has been imposed on the foodservice industry with no apparent justification whatsoever.**

Labour Shortage & Supporting Retraining Initiatives

The province's food and beverage processing sector is the second largest manufacturing sector in Ontario with annual shipments in excess of \$32.5 billion, providing over 110,000 jobs and supporting the farm sector as their major market purchasing almost 70% of total farm production. Ontario's baking industry is the largest food processing sub sector employer representing almost some 21,000 bakery workers. According to the Alliance of Ontario Food Processors "*Workforce Ahead, a Labour Study of Ontario's Food Processing Industry*" the baking industry has been identified as one of the two food manufacturing sectors which have already experienced serious problems with employee recruitment and retention.

Ontario's foodservice industry is the largest employer of youth. It employs 183,000 young people between the ages of 15 and 24, representing 19% of youth employment in Ontario and 45% of employment in foodservice. As such it is imperative that training incentives support this sector to cultivate a sufficiently skilled future workforce and continue to provide employment opportunities to our young people.

Demographics show that for the first time ever there are as many people leaving the workforce than entering it. As birth rates slow and immigration rates stagnate, hospitality operators are finding it increasingly difficult to find sufficient numbers of qualified youth to hire. The industry is being forced to hire inexperienced and under qualified people or more often than not during this recession, pass on hiring altogether. It is vital then that government finds solutions to address this upcoming crisis by extending hiring incentives to businesses willing to create jobs.

The Conference Board of Canada predicts that by 2025 Ontario's tourism industry faces a labour shortage that could reach nearly 98,000 full-year jobs – a figure which takes into account the impact of the current economic recession. The Food and Beverage sector is forecasted to suffer the largest labour shortage among all the tourism industries. Not surprisingly, occupations — such as **Cooks** — will experience the greatest labour shortages among tourism occupations. This projected labour shortage poses a significant threat to the competitiveness of Ontario's hospitality and tourism industry and action needs to be taken now to stem this alarming trend.

In addition to pending labour shortages the government's retraining measures in the hospitality trades will be undermined if sufficient supports are not extended to employers of these apprentices. Ontario's Second Career Program provides funding to displaced workers to transition into such 'in demand' trades as Cooks and Bakers. However, the educational component of the retraining strategy is only the first step in the transition process. Ontario Ministry of Training data show an alarming lack of apprenticeship completions in the Cook and Baker trades over the last five years with the **12.9%** of cook apprentices completing their training and **NONE in the baker trade**. It is incumbent on government to provide the incentive to employers, especially during a recession, to provide and retain job opportunities for apprenticeships once they complete their training. Failure to do so undermines the very goal of the retraining process – securing long-term, viable employment.

Investing In Tourism to Create Jobs & Remain Competitive

The extension of the ATTC to the foodservice trades is not only a critical component of addressing the industry's labour market needs, it is also a key tool in promoting hospitality and tourism positions as viable career choices. In his "Discovering Ontario – Tourism Competitiveness Report", current MPP and former Finance Minister Greg Sorbara not only acknowledges the considerable labour challenges facing the tourism industry, but he also sees the potential for job creation in this industry if government investments are made. He believes Ontario must work to develop the tourism workforce and should become an international leader in tourism training and education. Specifically, Mr. Sorbara recommends providing incentives to employers such as training credits.

The expansion of the ATTC to the hospitality trades would support the Specialized High Skills Major program offered in secondary schools which includes a focus on hospitality and tourism among other underrepresented labour markets. Enhanced government support for apprenticeships in the hospitality industry would also support meeting and exceeding "Service Excellence" standards which is critical to remaining competitive in a global tourism marketplace. Ontario apprenticeship opportunities in place such as Toronto, Niagara and Ottawa, need to be nurtured or risk our future workforce leaving the province to competing centres such as Vancouver, Montreal, New York and overseas. By supporting a culture of robust and desirable apprenticeship placements, Ontario's hospitality industry can harvest the benefits of the educational seeds it has sown.

The enhanced investments in skills training announced in the government's proposed budget this past March are a further indication that the government values apprenticeships as a means to cultivating a highly skilled and qualified labour force for Ontario's current and future labour market needs. It is our sincere hope that the government sees fit to extend the eligibility of the ATTC to the foodservice trades and in turn provide the foodservice industry a critical measure of support in order to keep the sector as viable sources of employment and revenue.

We have discussed the issue of extending the eligibility of the ATTC to the hospitality trades with a number of your cabinet and caucus colleagues and have received very positive encouragement and support from them for this request. In so doing, we anticipate a favourable response to this very important request.

Sincerely,



Tony Elenis
President & CEO
Ontario Restaurant Hotel & Motel Association



Paul Hetherington
President & CEO
Baking Association of Canada

cc: The Honourable John Milloy, Minister of Training, Colleges & Universities
The Honourable Monique Smith, Minister of Tourism
The Honourable Leona Dombrowsky, Minister of Agriculture, Food and Rural Affairs
Greg Sorbara, MPP (Vaughan)