



April 24, 2009

The Honourable John Milloy  
Minister of Training, Colleges & Universities  
Mowat Block, 3rd Floor  
900 Bay Street  
Toronto ON M7A1L2

**Re: Apprenticeship Training Tax Credits**

Dear Minister Milloy:

On behalf of the Ontario Restaurant Hotel & Motel Association's 11,000 member establishments, I am writing on the matter of the eligibility criteria for the Apprenticeship Training Tax Credit program in relation to the Red Seal certified cook and baker trades and to request a meeting to discuss our industry's concerns outlined herein.

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

**Labour Shortage**

Ontario's \$22 billion foodservice industry is the largest employer of youth. The foodservice industry 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.

Demographics trends show that for the first time ever there are as many people under the age of forty as over this age, translating to more employees 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. It is vital then that the government finds solutions to address this upcoming crisis by creating a training and development module that will support hospitality employers remain competitive.

As you are no doubt aware, the Conference Board of Canada recently concluded that Ontario faces a shortfall of 560,000 skilled employees by 2030. Ontario's tourism industry alone is projected to see a shortfall of almost 120,000 employees by 2025. This projected labour shortage poses a significant threat to the competitiveness of Ontario's hospitality and tourism industry. The ORHMA understands that a multi-pronged strategy is required to address this complex issue and one approach is to provide hospitality employers incentives to take on an apprentice.

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## **Apprenticeship Training Tax Credit**

Ontario's Apprenticeship Training Tax Credit (ATTC) Program reimburses corporations and unincorporated businesses a percentage of eligible expenditures up to a maximum tax credit of \$5,000 per qualifying apprentice per taxation year. For corporations and unincorporated businesses that have total salaries and wages for the previous taxation year of \$400,000 or less, the rate of the tax credit is increased to 30 per cent. The tax credit is an important incentive for small employers to take on an apprentice and upon completion of a program the tax credit and serves as recognition of the significance of having played a role in cultivation of skilled workers into the labour market.

**The current Apprenticeship Training Tax Credit Program does not include the hospitality Red Seal certified positions of cook and baker. Moreover, Ontario is the only province in the country without a rebate program to support accreditation in the hospitality industry.**

The extension of the ATTC to the cook and baker trades is a critical component of addressing the industry's labour shortage, and promoting hospitality and tourism positions as viable career choices. It 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.

Apprenticeships offer an opportunity to develop real skills, knowledge and technique. By starting out as apprentices, students can be well on their way to an exciting and rewarding career as a chef, cook or baker and help sustain Ontario's hospitality and tourism sectors as viable sources of employment and revenue.

## **Federal apprenticeship incentives**

The ineligibility of cook and baker trades for the ATTC reduces the effectiveness of complimentary federal government incentives that aim to facilitate the completion of apprenticeship training.

Earlier this month the federal government announced that it will be investing \$40 million per year in a new Apprenticeship Completion Grant (ACG), which complements the existing Apprenticeship Incentive Grant. Red Seal designated cook and baker apprentices in Ontario who successfully complete their apprenticeship training and become certified journeypersons on or after January 1, 2009, would be eligible to receive a \$2,000 taxable cash grant. Under the existing Apprenticeship Incentive Grant (AIG), apprentices are already eligible for a \$1,000 taxable cash grant when they complete the first and/or second level of their apprenticeship program in a designated Red Seal trade, to a maximum of \$2,000. As a combined result of the new Apprenticeship Completion Grant and the existing Apprenticeship Incentive Grant, apprentices who complete their apprenticeship program and become certified in a designated Red Seal trade could be eligible to receive a total of \$4,000. In light of these investments, it is that much more critical that the provincial government encourage hospitality employers to take on an apprentice when the federal government provides substantial incentives for apprentices to complete their training.

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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 the ORHMA's sincere hope that the government sees fit to extend the eligibility of the ATTC to the Red Seal certified cook and baker trades and in turn provides the industry critical measure of support in order to keep the restaurant and accommodation sectors viable sources of employment and revenue.

The ORHMA looks forward to meeting with you and your officials to discuss this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Elenis", is positioned below the word "Sincerely,".

Tony A. Elenis  
President & CEO