

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING OF APRIL 8, 2014
FROM:	GRANT HOPCROFT, DIRECTOR OF INTERGOVERNMENTAL AND COMMUNITY LIAISON
SUBJECT:	APPRENTICESHIP TRAINING TAX CREDIT

RECOMMENDATION

That, on the recommendation of the Director of Intergovernmental and Community Liaison, the following actions be taken with respect to the changes to the Apprenticeship Training Tax Credit:

- a) Mayor Fontana **BE REQUESTED** to send a letter to Ontario Premier Kathleen Wynne expressing concerns regarding the impact of the changes of the Apprenticeship Training Tax Credit on London contact centres;
- b) That Mayor Fontana **BE REQUESTED** to continue to collaborate with the task force established by Mayor Tony Van Bynen of Newmarket and other forums on this issue.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None.

BACKGROUND

The Apprenticeship Training Tax Credit (ATTC) was introduced in 2004 to encourage businesses in Ontario to hire and train apprentices in the skilled trades. The ATTC provides businesses with a 35 to 45 per cent refundable tax credit on the salaries and wages paid to eligible apprentices in designated construction, industrial, motive power and service trades.

As a result of the May 2013 provincial budget, and, in an effort to better support completion of apprenticeship programs and achieve cost savings, the Government of Ontario announced changes to the ATTC which have eliminated the tax credit for apprenticeship trades associated with contact centres, effective March 31, 2014.

Mayor Tony Van Bynen of Newmarket has taken the lead in coordinating a response to the provincial government from a task force of fifteen Ontario mayors that includes Mayor Fontana. In correspondence to Premier Wynne, the task force has noted that many skilled workers who are employed by contact centres with ATTC support were taken off social assistance rolls. The task force, which has met with the Honourable Eric Hoskins, Minister of Economic Development, Trade and Employment and the Honourable Brad Duguid, Minister of Training, Colleges and Universities, is arguing for reform rather than cancellation of the ATTC as it applies to the apprenticeship trades associated with contact centres. The task force has also requested that the Government of Ontario develop a mechanism to establish further consultations on this subject.

According to the London Economic Development Corporation (LEDC), London hosts eight contact centres which provide outsourced services (an additional seven centres provide contact services directly for their employer). At least two of the eight currently use the ATTC as a means to hire entry level skilled workers. These eight outsource contact centres in London employ 2,000 workers and provide training and experience for youth, the highest unemployment age group in London. LEDC has been working with local companies to assist them and has also met with two local area MPPs. It is the view of LEDC that the ATTC has helped to make the Ontario contact centres more competitive than those in other jurisdictions and has provided employment and skills and career development opportunities. Alliance iCommunications has also met with local area MPPs to describe the impact of the loss of ATTC to its company. In particular, the company has noted that the contact centre business is part of a highly competitive global industry; that the ATTC is an essential tool in keeping overall operating costs in

Ontario competitive in comparison to the United States and other countries; and that as a result of these new costs as ATTC disappears, some internationally-owned contact centres in London have moved elsewhere where costs are lower.

This report was written in consultation with Robert Collins, Director, Workforce Development, London Economic Development Corporation.

PREPARED BY:	RECOMMENDED BY:
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