



COLLEGES | COLLÈGES
ONTARIO | ONTARIO

ACAATO ARCHIVE DOCUMENT

2005 Environmental Scan

Chapter 7: Public Policy

PUBLIC POLICY

Section Seven

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SECTION SEVEN: PUBLIC POLICY

1.0 HIGHLIGHTS

Ontario's Priorities

- Over the next year, the Ontario Government's policy directions will affect colleges in the following areas: postsecondary education policy and funding decision in response to the Rae Review recommendations, apprenticeship expansion, adult education, the relationship between the province and private career colleges, and the integration of internationally-trained individuals into the labour market. Planning for continued health care reform may also impact the delivery of college programs in health occupations.
- Implementation of annual accountability and funding agreements with postsecondary institutions beginning in 2005-06. These agreements will include multi-year funding and enrolment targets and will link funding to government objectives.

National Priorities

- The minority government situation will cause little, if any, near-term impact on the performance of the Canadian economy. With virtually no consequences for the stance of monetary or fiscal policy, and with the exchange rate largely unaffected, the election results provide little basis for altering the outlook for economic growth over the next 18 months.
- The Federal Government intends to help bolster the language skills of immigrants by tripling to \$15 million the amount of money to be spent in the coming fiscal year for language-training pilot projects.
- Funding to the provinces for postsecondary education and social programs was forecast to increase by 1.6 per cent in 2004-05 and one per cent in 2005-06. Other student-aid reforms announced in the budget will begin in 2005-06.
- A series of new programs and funding allocations will be made: establishment of a learning bond savings vehicle to provide up to \$2,000 for children; doubling to \$50 million support for the Urban Aboriginal Strategy; providing 20,000 low-income students with first-year study grants worth up to \$3,000, to be folded into the Canada Study Grants program; increasing the federal student loan ceiling from \$165 to \$210 a week; reducing the expected parental contribution toward their child's education; awarding annual grants of up to \$2,000 to eligible students with disabilities.

PUBLIC POLICY

Public policy is not always easy to discern. Government action can occur without apparent reference to official policy. Policies can be announced but result in no action. Where does one go to find out what a government's policy is on a particular issue? How does one know when a point of view becomes policy? What makes it *public* policy?

Consistent with the 2004 Environmental Scan, public policy is defined in this section of this report as a statement of principal or course of action that has been approved by a cabinet or a minister.

The following public policies dominated the postsecondary landscape during 2004 and provide some signals on what to expect in the coming year.

2.0 THE ONTARIO SCENE

2.1 Year Two of a Liberal Provincial Government

2.1.1 Follow-up on Electoral Promises

The election of a Liberal government in late 2003 created the possibility that the Liberal Party's 13 electoral promises affecting postsecondary education would result in action. The subsequent throne speech (Nov. 2003) and the May 2004 Budget highlighted the new government's priorities.

The following presents the government's progress on its electoral commitments over the last year. Some of these directions will be more completely developed as part of the Government's response to the recommendations coming from the Rae Review Panel.

- A Labour Force Development Agreement with the federal government. Currently, Ontario is the only province without such an agreement.
Action: Limited progress to date
- Creation of a Rapid Re-employment and Training Project to help workers hit by lay-offs and plant closures to quickly re-train and find new employment.
Action: No available information.
- Establishment of an apprenticeship training tax credit to help businesses invest in upgrading worker skills.
Action: Legislation has been introduced.
- Expansion of postsecondary capacity by at least 10 per cent over five years, making room for 50,000 new students.

- Action:** Ongoing expansion of enrolments at both colleges and universities through Enrolment Target Agreements.
- Creation of a Faculty Recruitment Fund to help colleges and universities attract up to 800 of the world's best teachers.
Action: No action to date.
 - A freeze on college and university tuition for at least two years.
Action: Freeze implemented for 2004-05 and 2005-06. Funding was provided to the colleges to offset loss of revenues in both years of the freeze.
 - Expansion of Ontario Student Assistance Plan eligibility and increased loan amounts to increase access to financial help.
Action: Budget announcement of eligibility reforms and a \$20.9 million enhancement to the Ontario Student Assistance Program (OSAP) to:
 - reduce the required parental contribution amount;
 - revise the definition of independent single student;
 - introduce an Ontario Debt Reduction in Repayment Program;
 - extend eligibility to protected persons, such as Convention refugees; and
 - eliminate the provincial 12-month residency requirement
 - Application of tuition waivers for Ontario's neediest 10 per cent of students.
Action: No information available.
 - Establishment of a Pre-paid Tuition Program to parents.
Action: No information available.
 - A lowering of barriers that prevent foreign-trained professionals and skilled workers from reaching their potential.
Action: See section 2.3
 - Co-operation with colleges, the private sector and unions to promote the trades in schools and create more learning opportunities for high-demand skills.
Action: See section 2.2.1.
 - Doubling the number of apprentices over five years.
Action: Several initiatives to promote apprenticeship. See section 2.2.1.

2.1.2 Provincial Budget for 2004

Among the Finance Minister's announcements were:

- the province will negotiate a second-generation labour market agreement with the federal government to allow the integration of federal and provincial labour market and training programs.

- Capital funding increases to create 21,000 new spaces at four colleges and nine universities.
- \$25 million in 2004-05 in one-time funding to stabilize colleges, particularly colleges experiencing financial difficulty and to assist in the transition process to a new postsecondary funding framework.
- Implementation of annual accountability and funding agreements with postsecondary institution beginning in 2005-06. These agreements will include multi-year funding and enrolment targets and will link funding to government objectives.

Finally, the Budget announced that former Ontario Premier Bob Rae would lead a comprehensive review of funding and design of Ontario's postsecondary education system. The review's final report was completed in January 2005. See 2.2.1 for more detail.

2.1.3 Amendments to the Auditor General Act

During 2004, amendments were made to the Auditor General Act to provide the Auditor General with explicit powers to conduct special audits of provincial grant-receiving organizations in the broader public sector including school boards, universities and colleges.

2.2 Ontario Government Policy Directions

The Government's policy directions reflect several themes that may affect colleges over the next year, including:

- the review and modification of Ontario's adult education and training systems including apprenticeship;
- the integration of internationally trained individuals into the labour market;
- planning for continued health care reform; and
- learning to 18 – initiatives aimed towards ensuring that youth up to the age of 18 remain in a learning environment.

2.2.1 The Review and Modification of Education and Training Systems

a) Bob Rae Review of Postsecondary Education in Ontario

On February 7, 2005 The Honourable Bob Rae, Advisor to the Premier and Minister of Training, Colleges and Universities, released his report, "Ontario A Leader In Learning" outlining his recommendations for postsecondary education system in Ontario. The report followed a considerable research and consultation process between June – December 2004. Please note this report can be accessed on the following website: www.raereview.on.ca

The report outlines seven strategies and twenty-eight recommended actions to implement these strategies. The recommendations are shown below in Table 1.

The majority of Rae's recommendations for action agree with those proposed by the colleges in their submission to the Rae Panel (this submission is available on the ACAATO website at acaato.on.ca). The report recognized the need to increase postsecondary access and, to this end, saw stronger roles for colleges in apprenticeship and the capture of the 50% of high school students who are presently not going on to postsecondary education.

The report recognized the dire financial straits of the postsecondary sector and called on the provincial government to bring revenue levels up to that of other provinces and to make important investments in quality and accessibility by increasing grant funding to the sector by \$1.3 billion by 2007-08. Rae also recommended that, starting in 2005-05, the government make available up to \$200 million per year for facility renewal and up to \$300 million per year for facilities and equipment related to increased enrolment. A further \$40 million was recommended for investment in college instructional equipment starting in 2005-06.

Table 1: Summary of the Rae Recommendations

No.	Subject	Details of the Recommendation
1	A NEW LEGISLATIVE FRAMEWORK	Legislate a mission for Ontario as a Leader in Learning, founded on: access for all qualified students to higher education, excellence and demonstrable quality in teaching and research, institutional autonomy within a public system, and the mutual responsibility of government, institutions and students. The legislation would set out the parameters of the student assistance program, the frameworks for revenue – including tuition – and accountability, and mandated public reporting of performance and results.
2	DIFFERENTIATION AND COLLABORATION	Encourage the distinct evolution of each institution and promote differentiation through the tuition framework, accountability arrangements and the design of the province's funding formula. At the same time, require that colleges and universities recognize each other's related programming to create clear and efficient pathways for students.
3	FRANCOPHONE EDUCATION	In recognition of the francophone institutions' unique mission in Ontario society, establish an advisory committee to the Minister of Training, Colleges and Universities on francophone postsecondary education and provide incremental funding to institutions to better support this mission.
4	COLLEGE MANDATE	Reaffirm the mandate of colleges to focus on occupational education and labour market needs, while continuing to allow applied degrees and institutional evolution. Mandate colleges to reach out to the 50% of high school students not going on to further studies and to lead the formation of K-16 Councils to promote learning and facilitate the transition to higher education.
5	APPRENTICESHIP	Recognize apprenticeship as a postsecondary destination, and treat the apprenticeship programming delivered by colleges as a core business. Assign to colleges the government's role in administration and outreach to employers (for those apprenticeship programs in which colleges deliver in-

		school training). Union training centres will continue to play their vital role.
6	NEW COUNCIL	Establish a Council on Higher Education, reporting to the Minister of Training, Colleges and Universities, to: advise government on how to achieve its learning mission, set targets and measures for improvement, monitor and report on performance and outcomes, co-ordinate research on higher education, and encourage best practices.
7	ACADEMIC RENEWAL	Direct new investments towards teaching excellence and educational innovation so that students have increased opportunities for meaningful contact with faculty, and better facilities and equipment. A single Ontario digital library should be developed.
8	QUALITY ASSURANCE	In co-operation with the institutions and the students, establish quality standards and measures to ensure improvements are made at the sector, institution, program and student level. Improvements in the student experience would include the area of student services.
9	EXPERIENCE ABROAD	In co-operation with the institutions and with the support of the private sector, establish an Ontario International Study Program to increase the opportunities for Ontario students to complete a portion of their studies abroad.
10	INTERNATIONAL STUDENTS	Pursue marketing efforts, jointly with the sector and the federal government, to ensure that Ontario remains an important “educational destination” for international students. Encourage the federal government to allow international students in Ontario to obtain off-campus work permits.
11	BETTER INFORMATION	Set up and maintain a consumer-friendly web portal for domestic and international students and their families as a source of current information on the labour market, postsecondary institutions and programs, admissions and student aid.
12	PARTICIPATION TARGETS	Set medium- and long-term targets for growth in participation in higher education, including the participation of students from underrepresented groups.
13	ABORIGINAL STUDENTS	Enhance the Aboriginal Education and Training Strategy, target growth in the professions and skilled trades and extend support to Aboriginal Institutes for recognized postsecondary programming. To ensure the success of these initiatives, establish an advisory committee to the Minister of Training, Colleges and Universities on Aboriginal postsecondary education, comprised of representatives from the provincial and federal governments, First Nations governments, Aboriginal communities, schools and postsecondary institutions.

14	“FIRST GENERATION” STRATEGY	Assist students who are the first in their family to participate in higher education through: early outreach to such families with children in elementary and secondary schools to stimulate interest in and planning for higher education, and through ongoing supports for first generation students enrolled in a postsecondary program.
15	STUDENTS WITH DISABILITIES	Require institutions to reach out to students with disabilities at their schools and in their communities to ease the transition to postsecondary education. Provide funding for enhanced academic and career counselling on campus. Allow for the evolution of centres of research and service excellence and distribute funding to institutions for supports and services on the basis of the size of a given institution’s population of students with disabilities.
16	PROMOTE SAVING	Finance an Ontario Learning Bond program to encourage saving for higher education by low-income families so that parents can prepare for and contribute financially to their children’s future college or university education.
17	UP-FRONT GRANTS	Remove barriers facing low-income students and their families by: <ul style="list-style-type: none"> • introducing a provincial grant for low-income students to cover tuition and compulsory ancillary fees for the first four years of study to a maximum of \$6,000 per year. Institutions that set higher fees will be required to provide grants to cover any additional amounts for students in need; • calling on the federal government to recognize living costs fully and introduce a substantial program of federal grants towards living expenses for low-income students, high-need students and students with dependents; • providing support to Ontario Works recipients to enrol in postsecondary programs.

18	ENHANCED ACCESS TO LOANS	<p>Reduce financial barriers facing students by:</p> <ul style="list-style-type: none"> • increasing the total loan amount available to students to better recognize living and education costs; • increasing provincial student loan limits to cover the first \$6,000 of tuition and compulsory ancillary fees for students who have financial need but are not eligible for the new provincial grants, and requiring institutions that charge more to provide grants to students who do not have the financial resources to cover the additional costs; • reducing the contribution parents are expected to make towards their children's education when determining eligibility for Canada and Ontario Student Loans; • extending supplemental loans to help parents meet their expected contributions, up to the full amount of tuition and compulsory ancillary fees; in cases where parents refuse to provide the required assistance, the loan may be transferred to the students upon appeal.
19	HELP WITH LOAN REPAYMENT	<p>Make repayment easier by:</p> <ul style="list-style-type: none"> • increasing help for students in repaying their loans and forgiving more debt for those students whose income does not allow them to repay their full loan; • calling on the federal government to reduce the interest rate on Canada Student Loans from prime plus 2.5% to prime plus 1%; • working with the federal government and other provinces to make it possible for students to pay for their education after graduation through a payment option that is geared to income and administered through payroll deductions.
20	BETTER SERVICE	Bring together the myriad of student assistance programs. Encourage registrar, student aid and disability offices in institutions to work more closely together so that all students receive a comprehensive admissions and aid package.
21	PHILANTHROPY	Re-establish OSOTF (Ontario Student Opportunity Trust Fund) as a permanent program for all institutions to provide bursaries to students in need. The match provided by government to institutions whose OSOTF endowment is less than \$1,000 per student should be enhanced for a two-year period.
22	INVEST IN STUDENT ASSISTANCE	Invest \$300 million a year to support the recommended program changes and enhancements that make higher education affordable for students.
23	GRADUATE EDUCATION	Expand graduate enrolment at those institutions that can demonstrate quality and a capacity to provide the necessary supports to students to ensure the successful and timely completion of their studies.
24	CAPITAL NEEDS	Over a 10-year period, make available to institutions up to \$200 million per year for facility renewal and up to \$300 million per year for new facilities and equipment for increased enrolment.
25	RESEARCH PRIORITIES	Establish a Council, reporting to the Premier, to advise on and co-ordinate research priorities, and allocate provincial funding in line with these priorities and in partnership, where appropriate, with federal funding

		agencies.
26	REVENUE FRAMEWORK	<p>Establish a new framework that provides sustainable revenues for institutions, in which the key funding partners – the provincial and federal governments, institutions, students – each contribute in a responsible and predictable manner.</p> <p>Obtain a commitment from the federal government to become a full funding partner in supporting base operations and priorities for labour market training and immigration, apprenticeship, research and graduate education in a predictable and sustained way.</p> <p>Invest a total of at least \$1.3 billion in new provincial base funding to institutions by 2007-08. This investment would focus on quality improvements and results, fund enrolment growth and ensure that all eligible students are properly funded.</p> <p>It should include funding to institutions that covers: higher costs incurred by institutions serving significant numbers of students that require additional services, the high cost of providing clinical education and the base adjustment for revenues lost as a result of the tuition freeze.</p> <p>Allocate provincial funding through a new transparent formula comprised of core funding for basic operations and strategic investment envelopes tied to results and applied to both colleges and universities.</p> <p>By 2007-08, the per-student revenue base of Ontario’s colleges and universities should be at least comparable to other provinces. This would require at least \$1.5 billion in new revenues to institutions.</p> <p>The “stretch target” over the long term should be to bring the per-student revenue base up to the level of public institutions in peer North American jurisdictions. This would require approximately \$2.2 billion more in revenues to the institutions than they receive today.</p>
27	TUITION REGULATION	<p>Establish a regulatory framework enshrined in legislation to guide institutions in making decisions about tuition levels, to ensure that future increases are predictable, transparent and affordable for students. As noted above, the institutions would be responsible for supporting low-income students and students in need to cover fees in excess of \$6,000 per year.</p>
28	MULTI-YEAR PLANS	<p>Set out the provincial funding commitments to the institutions on a multi-year basis. The institutions need to prepare multi-year plans that set out:</p> <ul style="list-style-type: none"> • the mission and program focus of the institution; • enrolment targets, commitments to access, and tuition guarantees; • planned improvements in quality of programming and the student experience; • transferability of credits and areas of collaboration with other institutions; • revenue requirements and how they will be met through provincial

		<p>transfers, tuition and other sources;</p> <ul style="list-style-type: none"> • the results and measures that will be used to demonstrate progress against the multi-year commitments. <p>These plans should be informed by the work of the Council on Higher Education.</p> <p>A Standing Committee of the Legislature should conduct periodic reviews of individual institutions' multi-year plans and performance.</p>
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b) Ontario Adult Education Review

During the spring and summer of 2004, The Ministry of Training, Colleges and Universities (MTCU) announced that a review of Ontario adult education would be led by the Parliamentary Assistant to the Minister. The review is focused on program areas that address accessibility issues such as ESL, literacy, numeracy, English and French as a Second Language, adult credit and non-credit programs, continuing education, correspondence/self study and distance delivery, adult Native language programs, citizenship preparation and academic upgrading. It will not directly include postsecondary education or apprenticeship training programs.

The programs examined in this review relate to adults who must re-enter or "bridge" into the workforce, upgrade their skills to remain employed, and want to integrate into Ontario society. It is anticipated that the report will be released in the first quarter of 2005.

c) Apprenticeship

The need to increase the number of apprenticeship entrants is a policy priority in order to achieve the goals set out by the Liberals during the election. New funds of \$11.7 million annually will be allocated by 2006-07 to support apprenticeship classroom teaching and increase entrants by 7,000 to reach 26,000 annually by 2007-08.

The province will create a One-Stop Training and Employment system to better serve apprentices, immigrants, unemployed individuals and youth in transition from school to work. The One-Stop system is intended to streamline and improve access to programs and responsiveness to employers. One-Stop local planning and delivery services will be established to address labour market needs and help young people make the transition to work. New academic upgrading and training options for high school leavers, with a focus on apprenticeship, will be offered to youth through increased funding from the Ministry of \$2 million in 2004-05 growing to \$15 million in 2007-08.

In August 2004, MTCU announced a new 25 per cent refundable Apprenticeship Training Tax Credit on salaries and wages, with an increase to 30 per cent in the rate for businesses with payrolls up to \$400,000, in order to encourage employers to hire apprentices in designated industrial, construction, motive power trades and certain service trades. Legislation is required.

In addition, 1,500 scholarships of \$1,000 each will be made available annually for individuals who return to complete high school and who enter apprenticeships. Funding for this initiative is \$3 million in 2004-05, growing to \$4.5 million annually by 2005-06. This includes \$2,000 signing bonuses to employers for each apprentice.

For programs commencing in Sep. 2004, up to \$6 million was allocated to create new Co-op Diploma Apprenticeship Programs to enable students to train as apprentices in a specific trade while obtaining an associated college diploma. Programs include Cook, General Machinist, Machine Tool Builder and Integrator, Mould Maker, Tool Maker, and Tool and Die Maker.

d) Review of Private Career Colleges Act

A review of the Private Career Colleges Act was launched in March 2004 to examine the extent to which the private career college sector should be regulated by government and what public purpose registration should serve. It will also consider: whether the government should set standards for quality, accountability and organizational viability in the private career college sector; what the government's role should be in ensuring adequate student protection; and what enforcement and compliance mechanisms should be in place. The governments' decision in response to the review is anticipated in early 2005.

2.2.2 Mandatory Retirement

The Ontario Government has announced its intention to end mandatory retirement. This action will require changes to legislation and the Ontario Human Rights Code. In Aug. 2004 a public consultation was initiated on the implications of mandatory retirement for Ontario's economy, labour market, employment benefits systems and social structure.

2.2.3 Infrastructure Renewal

In Oct. 2003, the Ministry of Public Infrastructure Renewal (MPIR) was established with a mandate to develop a 10-year public infrastructure plan to identify long-term priorities for growth and public infrastructure investments in key sectors, including postsecondary education.

In July 2004 the MPIR released *Building a Better Tomorrow: An Infrastructure Planning, Financing and Procurement Framework for Ontario's Public Sector* and in Nov. 2004 it announced that in the Spring 2005, the government will unveil the first five years of Ontario's strategic infrastructure plan. This plan will address immediate and future public infrastructure needs. It will also be the basis of consultations with stakeholders to guide the development of the 10-year plan for release later next year. To date, no specific plans with respect to postsecondary education have been announced.

2.2.4 Ontarians with Disabilities Act (2001)

Under the Ontarians with Disabilities Act (2001) (ODA), public organizations, including colleges, are required to develop annual accessibility plans to make their goods, products and services more accessible by identifying, removing and preventing barriers to people with disabilities. Organizations are expected to undertake these activities using existing financial resources. However, the act has not been as effective as anticipated and government consultations were conducted in 2004 to determine how to increase accessibility.

In March 2004, ACAATO made written representations to the Ministry of Citizenship and Immigration (MCI) on behalf of Ontario's colleges. ACAATO said that if the ODA is strengthened to include more stringent timelines and higher standards, and if there is no new funding provided to implement the strengthened ODA, the problem of the serious under-funding of the college system will only be exacerbated.

A new Accessibility for Ontarians with Disabilities Act was introduced and received a second reading in Dec. 2004 instead of amending the existing legislation. The proposed legislation provides for the setting of mandatory accessibility standards in both the public and private sectors and addresses the full range of disabilities – including physical, sensory, hearing, mental health, developmental and learning disabilities. Standards could deal with such matters as pedestrian routes into buildings, lower counter heights at cash registers, large print menus, staff training in serving customers with learning disabilities, and adaptive technology in the workplace. Colleges will be subject to the new legislation which continues to contemplate that all organizations will finance compliance with the new accessibility standards out of existing resources. The government expects that the standards and results would be achieved in stages of five years or less, on the way to a more accessible society within 20 years.

2.3 The Expansion of Education and Training to Newcomers

The Ministry of Training, Colleges and Universities (MTCU) has embarked on several initiatives to improve the labour market integration of newcomers. The 2004 Budget announced \$9.5 million (to increase to \$12 million in 2005-06) to improve access to jobs that internationally-trained workers were trained to perform. These include:

a) Negotiation of a Canada-Ontario Immigration Agreement

The Ontario Ministry of Citizenship and Immigration began negotiations with Citizenship and Immigration Canada to achieve a new Canada-Ontario Immigration Agreement. These negotiations include the development of a package of labour market information and information on requirements for access to regulated professions and trades, which individuals in other countries would receive when they first inquire at Canada's immigration offices about relocating to Ontario.

b) Expansion of Programs and Services

Several existing programs and services are being expanded to improve education and training programs and services to newcomers including:

- development of higher level language training programs;
- development of a set of principles to guide regulatory bodies in their assessment of newcomers' skills and experience;
- expansion of bridge training programs;
- funding of "Career Bridge", an employment internship program for skilled immigrants;
- upcoming recommendations on college-based projects to eliminate systemic barriers to newcomer integration

2.4 Planning for Training in Response to Health Care Reform

A Health Human Resource Development Strategy

The Ministry of Training, Colleges and Universities (MTCU) has acknowledged that Ontario is facing a shortage of professional health-care workers. Over the next year, MTCU will work with the Ministry of Health and Long-Term Care to implement a health human resource development strategy designed to increase the supply of highly-trained health-care professionals. Included in this strategy will be a doubling of the number of clinical education positions for nurse practitioners from (75 to 150) within three years. In addition, the Ministry of Health and Long-Term Care will support experienced nurses to mentor nurse trainees completing their clinical practice requirements.

ACAATO has advised the Ministry of Health and Long-Term Care of the need for colleges to be directly involved in planning for human resource development in several health-care occupations as a result of health-care reform.

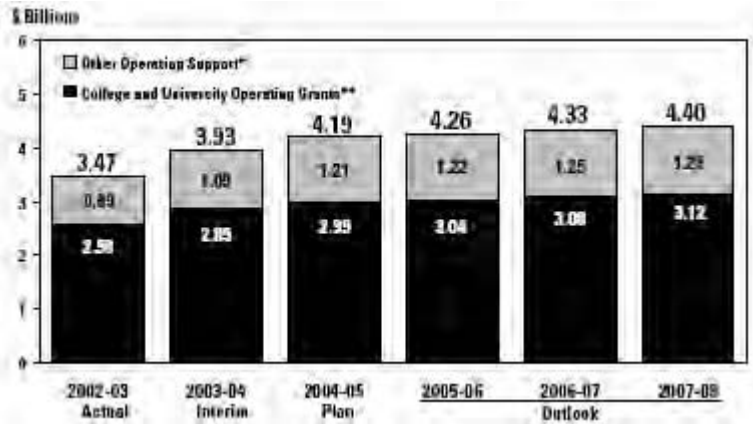
2.5 Ontario Expenditure Patterns

Operating Expenditure Projections

Ontario's projected expenditures on education and training for the 2004-05 fiscal year, is \$14 billion, the second largest category next to health care (\$29.7 billion). About \$4.2 billion is for training, colleges and universities. Education (K to 12) is projected to rise to \$11.7 billion from \$10.6 billion over the next two fiscal years. Training, colleges, and universities are expected to remain stable at \$4.3 billion representing five per cent of the province's total operating expenditures. Education and training received 22 per cent of the total operating budget and health care received 44 percent.

All indicators suggest that spending on health care will continue to be the dominant fiscal preoccupation of government in the short and medium term.

Figure 1: Ontario Government Operating Spending on Training, Colleges and Universities



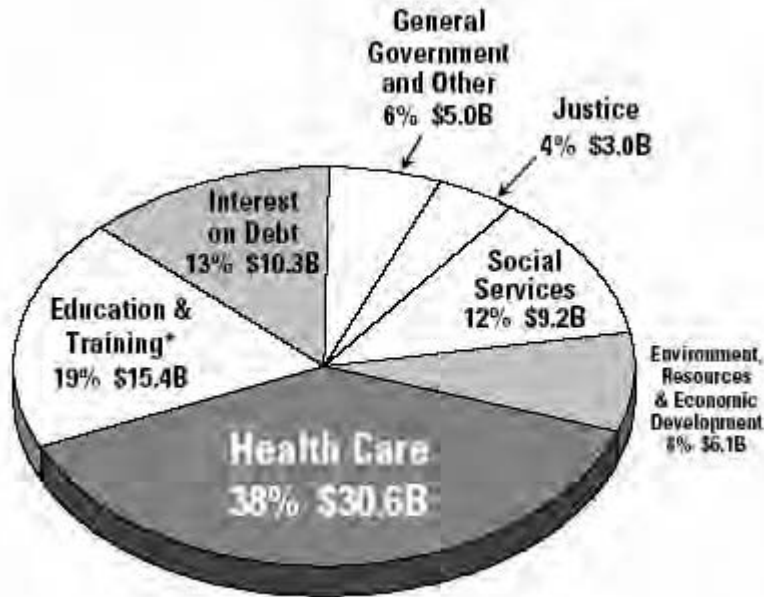
* Includes other operating grants to colleges and universities; student support; and apprenticeship and training programs.

** Includes tuition freeze compensation and one-time funding for college sector stabilization

Note: Numbers may not add due to rounding.

Source: Ontario Budget Papers 2004, Paper A, p.78 http://www.gov.on.ca/FIN/bud04e/pdf/papers_all.pdf

Figure 2: Composition of the Ontario Government's Total Expenses 2004-05



*Includes Teachers' Pension Plan.

Note: Totals may not add due to rounding.

Source: Ontario Budget Papers 2004, Paper A, p.78 http://www.gov.on.ca/FIN/bud04e/pdf/papers_all.pdf

3.0 The National Scene

3.1 Impact of a Minority Government

According to Bank of Montreal Financial Group, the federal budget will likely remain in a small surplus position and all fiscal room above the contingency reserve will be allocated to program spending. In light of the backlash against the Ontario Liberal government following the introduction of a health premium, the federal Liberals are unlikely to agree to any tax increases. Bank of Canada policy goals will remain unchanged with the Bank remaining committed to a two per cent inflation target.

The uncertainty regarding economic policy may weigh on the Canadian dollar, but the impact should be modest. With greater compromise required to pass legislation, there will be more uncertainty regarding the future direction of economic policy than there would be under majority rule. To date, whatever impact from the consequent policy uncertainty there has been on the Canadian dollar, it has been quite modest. The potential negative impact on the loonie of a minority government has likely been tempered by the fact that Canada's fiscal position is the strongest within the G8.

3.2 Canada's Innovation Strategy

As part of Canada's 2003 Innovation Strategy, the federal government announced the establishment of the Canadian Council on Learning (CCL), a new national body established to support and promote evidence-based decision-making at all levels of learning. Its mission is to develop a national learning indicator framework and to encourage the exchange of practical and relevant knowledge to improve the lifelong learning process and outcomes in Canada.

The council will establish several learning centres across Canada, each with a particular learning focus (e.g. adult learning, aboriginal learning) and will conduct research and act as a repository for information on all forms of learning. The council is conducting consultations across the country in its deliberations on where to establish its learning centres.

3.3 Federal Speech from the Throne

The federal Speech from the Throne in Oct. 2004 enunciated a five-point strategy towards building a globally competitive and sustainable economy. Within this strategy, the Government of Canada intends to:

- Develop a new Workplace Skills Strategy, including enhancements to apprenticeship systems, and boosting literacy and other essential job skills. This will be complemented by up-to-date training facilities and labour market agreements.

- Re-double government efforts to help integrate newcomers into the Canadian workforce.
- Introduce a Learning Bond, a savings vehicle that will help low-income families provide for their children's postsecondary education.

3.4 Federal Budget 2004: Health Care, Learning, and Communities

3.4.1 Access to Education

The federal budget for 2004 announced measures to increase access to postsecondary education by:

- Proposing the Learning Bond savings vehicle announced in the Speech from the Throne. The bond will provide up to \$2,000 for children born after 2003 in families receiving the national child benefit supplement.
- Investing \$125 million over five years for the Aboriginal Human Resources Development Strategy.
- Doubling to \$50 million support for the Urban Aboriginal Strategy.
- Enhancing the Canada Education Savings Grant (CESG) matching rates for low- and middle-income families.
- Providing 20,000 low-income students with first-year study grants worth up to \$3,000, to be folded into the Canada Study Grants program.
- Increasing the federal student loan ceiling from \$165 to \$210 a week. Ottawa will cover the interest costs on the loans while students are enrolled in school.
- Reducing the expected parental contributions in student loan programs.
- Awarding annual grants of up to \$2,000 to eligible students with disabilities.

Further information on the federal budget is available on the government's website at: <http://www.fin.gc.ca/budtoce/2004/budliste.htm>

3.4.2 Tax Breaks for Training

The federal government will expand the education tax credit in 2005-06 to workers pursuing career-related studies. The credit amounts to \$400 a month for full-time students and \$120 a month for part-time students - write-offs previously denied workers who were taking courses. The expanded break will cost \$5 million in the fiscal year beginning April 1 and \$10 million in subsequent years. The budget also signaled a commitment to encourage on-the-job training, earmarking modest amounts of money to encourage employers to provide opportunities for their workers.

3.4.3 Newcomer Training and Recognition

The federal government announced its intention to help bolster the language skills of immigrants as part of an effort to integrate them into the economy. It has tripled to \$15 million the amount of money to be spent in the coming fiscal year for language-training pilot projects.

The budget also sets aside \$5 million each year, beginning in fiscal 2005-06, to help finance work by sector councils on how to recognize the credentials of internationally-trained workers, many of whom are barred from jobs in their field in Canada because they are seen as not meeting Canadian requirements.

3.4.4 Strengthening Research and Innovation

The 2004 budget built on earlier allocations under the previous federal government by adding an additional \$90 million per year to Canada's three federal granting councils. As well it allocated \$100 million to improve the commercialization of research conducted at universities, hospitals and other research facilities.

4.0 WEBSITES OF INTEREST

Organization/Item	Web Address
Ontario Government's Nov. 2004 Throne Speech	http://www.premier.gov.on.ca/english/Library/ThroneSpeech112003_ts.asp
Ontario Ministry of Finance	http://www.gov.on.ca/fin/
Canada's Innovation Strategy	http://www.innovationstrategy.gc.ca/
Conference Board of Canada	http://www.conferenceboard.ca
Federal Government's 2004 Budget	http://www.fin.gc.ca/budtoce/2004/budliste.htm
Rae Postsecondary Review	http://www.acaato.on.ca/home/postsecondary.html
Ontario Colleges of Applied Arts and Technology Act, 2002	http://www.e-laws.gov.on.ca/DBLaws/Source/Statutes/English/2002/S02008_e-SchedF.htm