

ONN verbal remarks - Ontario Budget 2019
To Standing Committee on Finance & Economic Affairs
Crowne Plaza Niagara, 5685 Falls Avenue, Brock Room, Niagara Falls

Jan. 24, 2020 (10:30 am)

Good afternoon, Mr. Chair and committee members. My name is Cathy Taylor. I am the Executive Director of the Ontario Nonprofit Network, which is the network for the **58,000** nonprofits and charities in Ontario. I am grateful to be here on the traditional territory of the Anishinaabe and Haudenosaunee.

Our communities are full of nonprofits and charities - ONN has many members here in the Niagara region, including the John Howard Society, the Niagara Falls Art Gallery, and the Learning Disabilities Association of Niagara.

Many of **you** are connected to our sector through your own volunteer work - in service clubs, minor hockey and soccer, museums, and more - so you know how vital nonprofits are to our communities in terms of the **public benefit** they generate. Our communities could **not** function without the supportive web of nonprofits that contribute to our **quality of life**.

Beyond service delivery, nonprofits also play a **bridging** role between communities and governments, bringing the voices of **residents** to government so that they can inform policy and program design.

Nonprofits are also an **economic** driver, employing almost a **million** people in Ontario and contributing \$50 billion to the province's GDP. As a sector, Ontario nonprofits receive **less than half** of their revenue from governments, which means they can **leverage** these public investments -- via business activities, donations, and volunteer contributions -- into services that directly benefit the people of Ontario.

The role nonprofits play is critical in how we tackle the complex challenges facing Ontario - issues like housing affordability, mental health, and the automation of jobs.

I have to say that 2019 was a tough year for our sector. We saw up to 5-month **delays** in funding renewals and the **restructuring** of many funding streams. Organizations had surprise adjustments to budget **reductions** in a number of programs, as well as the **cancellation** of major social enterprise development funds. As ONN's 2019 survey of Ontario nonprofits indicated, heads were spinning in our sector from the breadth and pace of change without advance notice or consultation.

The overall message of our pre-Budget submission is that nonprofits want to work **with the Government of Ontario** as partners in the service of Ontarians, and nonprofits must be **consulted** in advance of initiatives so that we can bring our experience in communities to inform policy and avoid **unintended** consequences.

We have **three** priority areas for your consideration related to the 2020 Budget: red tape reduction for nonprofits, promoting social enterprise, and supporting decent work in the nonprofit sector.

Number one: Red tape reduction. We were pleased to stand with the Treasury Board President in November as he announced an initiative to consolidate funding agreements for nonprofits. Over five thousand organizations have more than one agreement with the Ontario government. Creating umbrella agreements - preferably **multi-year** for more stability, and finding other ways to reduce the **reporting burden**, will help reduce the time that both of our sectors spend on paperwork so we can focus on our programs. We're pleased by the announcement, and the **next** step we'd like to see is a joint government and nonprofit sector **table** that can advance this work.

But this isn't the only red tape reduction initiative that's needed. We also need to see proclamation of our sector's **long-delayed** corporate legislation, the Ontario Not-for-Profit Corporations Act, or ONCA, in 2020.

We also recommend a **web portal**, like the Small Business Access portal, so that nonprofits can easily check what legislation and funding

opportunities are relevant to them so they can better govern their organizations and serve communities.

We're asking that government cut red tape for volunteers who need police record checks. Too many police forces are **charging volunteers** for these record checks - as much as \$71 as of this year - and processing can take **many weeks**. Fees and processing times are inconsistent across Ontario. This is a barrier to volunteering that we can address, together.

Our second priority: We recommend the development of a made-in-Ontario social enterprise strategy, in partnership with the nonprofit and co-operative sectors, to drive local job creation and support rural, remote, and urban self-reliance. Social enterprises are those enterprises that provide a social good while generating income to undertake their work. And it is one way for nonprofits to diversify funding to support their organizations.

You might be surprised that jobs in our sector are more recession-proof and less likely to be made redundant by automation and technological change. A government that wants to support job creation during the coming AI revolution - and the aging of our population - should pay attention to the possibilities in care-work and the nonprofit social enterprise sector.

We've sketched out in our pre-Budget submission what some of the building blocks of a social enterprise strategy could look like. One element is to improve access to surplus public lands for nonprofits. Thriving communities need facilities like affordable housing, child care centres, and recreation centres. To offer these services, nonprofits must be able to access land and space at reasonable prices. A strategic way to achieve this is to provide access to public property when it is no longer needed.

A second element focuses on social procurement, using the opportunity presented by the government's initiative to centralize supply chains and to set targets for purchasing from social enterprises in areas like catering, couriers, and cleaning. This would allow our sector to continue to grow jobs for people facing barriers to the labour market. We recommend that the

development of a full strategy be done in partnership with the nonprofit and cooperative sectors in Ontario.

Number three: Decent work in the nonprofit sector. The Ontario government must take another look at Bill 124, the wage restraint bill, which will make it difficult for some nonprofits to attract and retain the talent they need. Allow me to paint a picture about its unintended consequences.

Imagine you're running a larger nonprofit, say in the home care, child care, or employment and training sector. You compete with the private sector for talent, both front-line workers as well as back-office staff and management. You have a million-dollar contract with the Ontario government but you also have other programs: a fee-for-service enterprise and a federally or municipally-funded agreement.

All of a sudden, Bill 124 passes. It imposes wage controls on your whole organization, not just the parts that are funded through a provincial agreement. It lasts three years and in that time you see your for-profit competitor increase wages strategically in areas where you're both seeing labour shortages. Because that for-profit is **exempt** from Bill 124, even though your funding contract with the provincial government is through the exact same funding envelope, you lose your IT people, your accountants, and many of your front-line staff to them.

This is the challenge that our sector has with Bill 124. It undermines the role of community-based boards of directors to manage their overall budgets for all their programs and services. It cuts nonprofits off at the knees who are trying to attract and retain workers in a competitive landscape, especially because Bill 124 exempts for-profits that also get provincial funding. And it has implications beyond the provincial programs whose costs the Ontario government is looking to manage.

We ask that community-governed nonprofits be exempted from Bill 124 and that government control costs through **overall** funding envelopes and agreements they have with nonprofit service providers.

Those are our recommendations for Budget 2020: red tape reduction for nonprofits; a social enterprise strategy; and an exemption from Bill 124 for local nonprofits so they can attract and retain good workers.

In closing, I would reiterate that ONN is always prepared to convene nonprofits to bring the voices of communities to government. We look forward to working with you in creating a prosperous province. Thank you for your time.