

## The Ontario Nonprofit Network's Recommendations To The Jobs and Prosperity Council

### Synopsis:

*To succeed and prosper in the medium to longer term, Ontario must strive to build inclusive communities where all members of our society contribute to and benefit from the prosperity of our province.*

*The Ontario nonprofit sector's 46,000 organizations strong are a key partner in developing approaches to community wealth creation that will ensure Ontario's future well-being.*

*Ontario's nonprofit organizations are "on-the-ground," the backbone that supports active, vibrant, welcoming communities, fostering civil society and community engagement. In addition, nonprofit social enterprises and community-based organizations provide critical employment and an entrepreneurial incubation environment to complement the private business sector. As builders of community wealth and assets (both human and physical), the nonprofit sector builds resilience in local communities and must be a fundamental part of any future jobs and prosperity agenda in this province.*

**"How do you build a truly creative community – one that can survive and prosper in this emerging age? The key can no longer be found in the usual strategies. Recruiting more companies won't do it [...] While it certainly remains important to have a solid business climate, having an effective people climate is even more essential."**

- Richard Florida

### Jobs and Prosperity: The Nonprofit Sector Perspective

The challenge for Ontario is not just about how to grow the existing job market by doing more of the same, but how we can change the way we do things to achieve better results for more Ontarians. How do we create meaningful jobs and support the contribution of all Ontarians through new job training and employment initiatives across the province? Increasingly, a larger and larger number of Ontarians are being left out and left behind from participating and sharing in Ontario's prosperity. The growing gap in economic inequality in the province is a worrisome trend that must be addressed to prevent the further tearing of our social fabric and the increasingly high economic costs of social and economic exclusion.<sup>1</sup>

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<sup>1</sup> Mehra, N. *Falling Behind*, a Report of the Ontario Common Front, August 2012

The community nonprofit sector believes it can dramatically assist in addressing this challenge. Nonprofits work locally with people in communities, in the streets, in parks and playgrounds, in homes, schools, libraries – on the front lines. They focus on community well being, tracking trends and developments in their community and assisting communities respond to emerging needs. When tragedy strikes or systemic changes occur in the labour market, it is often the local nonprofit organizations in communities that reach out to those who have been impacted, or have lost their livelihoods. As a result, community nonprofits have a unique place-based perspective on jobs and prosperity in Ontario.

To this end, the Ontario Nonprofit Network (ONN) is pleased to make this submission to the Jobs and Prosperity Council and looks forward to further discussions and engagement with the public and for-profit sectors on innovative, community-based strategies for creating new jobs and contributing further to Ontario's future prosperity.

### **The nonprofit sector is an essential building block for a creative, diverse and prosperous Ontario.**

With over 600,000 Ontarians employed and over 5 million volunteers in the core community nonprofit sector alone,<sup>2</sup> the nonprofit sector is a cornerstone of our province's communities. Nonprofits provide important public-benefit programs and services through sector organizations and agencies ranging from environment, to arts and culture, sports and recreation, newcomer settlement, housing, social services, community development, education, research, faith groups and more: they affect all Ontarians, making the province a healthy, desirable place to live, work, and raise families.

The for-profit business sector is supported by and dependent on a strong nonprofit ecosystem to attract and keep skilled workers. The nonprofit sector provides child, family and elder care options, community sports and recreation opportunities, employment training and skills development, mutual support groups, mental health strategies and facilities, faith networks, and a range of applied and performing arts organizations that inspire and enrich individuals.

Without the depth and breadth of a well-functioning and sustainable community-based nonprofit sector, the competitiveness of private enterprises is often compromised and communities are left unnecessarily vulnerable to business decisions made far away, which can devastate whole communities. The contributions, energy and local orientation of the nonprofit economy supply communities with decentralized, ground-up solutions, attracting the talented people that want to live meaningful lives in vibrant communities. These are the communities that will be the resilient and creative job and prosperity creators of the 21<sup>st</sup> Century.

### **Prosperity for All: The Value of Inclusion**

Ontario has a golden opportunity to avoid the growing instability plaguing other parts of the developed world where the consequences of income inequality and economic uncertainty have

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<sup>2</sup> Core community nonprofit sector (without hospitals, colleges and universities). A description of the sector is included in Appendix A.

taken the shape of civil unrest that threaten social and political cohesion in these jurisdictions.

Countries that manage to reverse this troubling trend by building new and innovative forms of social and economic inclusion will be the ones to thrive in the medium to longer term.

The current economic model leaves far too many behind, or worse, completely excluded from participating in and benefiting from the province's wealth. Ontario needs to develop new training and employment models that maximize human capital in every community across the province, especially in light of current and forecasted demographic, skill shortage and productivity challenges that threatens Ontario's future prosperity.

### **Jobs & Prosperity: Courage to Create and Invigorate**

Increasingly, it is recognized that more of the same old approaches are unlikely to help Ontario fulfill its socio-economic potential. New and different solutions are required, including sustainable methods of building community and organizing work. Ontario must be purposeful about nurturing and supporting creativity and innovation.

Innovation starts small, most often in local communities. Sometimes it remains successful, small and local (for example, a social purpose courier service employs people with developmental disabilities and serves local businesses; another organization connects young people with local homeowners needing a hand and gives young people work experience). Sometimes innovation grows exponentially (farmer's markets, a Broadway show developed through a local fringe festival, or education models adopted by the school system), with broad social and economic impact often including significant job creation for the marginalized (left out and left behind) populations in our communities.

Currently, however, business support programs and financial systems are not well designed to support creativity and innovation in communities. For example, Canadian financial institutions are the first to admit they have difficulty evaluating the credit worthiness of nonprofit organizations and are cautious and risk adverse about providing the sector lines of credit or loans. This makes managing cash flow and addressing the capital needs of expanding social enterprises enormously challenging. In addition, the many business support programs provided by the public sector generally exclude the unique needs of nonprofit organizations. These are missed opportunities as experience proves the nonprofit sector is often a good credit risk, an excellent bank client and generally deserving of government business support programs.

### **Solutions Focused: The nonprofit sector's unique contribution**

The nonprofit sector works in, with and for communities to generate local employment, engage a diverse and inclusive workforce, build community wealth, and develop human capital assets, making communities more vibrant and resilient.

By harnessing the sector's collective capacity to work and volunteer, nonprofits have a long and successful tradition of working in partnership with government and the private sector to generate social and economic value and community well-being throughout the province.

- **As entry points:** Working at the grassroots level, Ontario nonprofits are uniquely positioned to help newcomers, youth, and people with disabilities develop and play meaningful roles in their communities. Many find their first entry into volunteering, paid work and/or new careers through local community-based organizations and social enterprises. The sector is uniquely positioned to grow employment generating capacity through further efforts to develop badly needed programs and services that contribute to the overall success of healthy communities.
- **As idea generators and project incubators:** Nonprofits are often unsung innovators and creators. For example, nonprofit community-based arts groups are the creative inspiration and talent source that feeds commercial theatres and galleries. Young artists and social entrepreneurs generally find their early experiences in the nonprofit sector. Social innovation also begins most often in local communities, begun by residents looking to solve the most pressing social problems. As far back as the 1800's, the roots of the current child welfare system began as local citizens moved to support the children coming off the boats in communities along the Great Lakes. Today, innovation continues with nonprofits (e.g. social innovation hubs) providing new ways of organizing and connecting, changing the way people work together to help solve contemporary social challenges. Other nonprofits seek to develop a new generation of farmers to feed our communities and provide local food security. Ontario nonprofits have a long tradition of stepping up to address and resolve emerging needs.
- **As asset builders:** The nonprofit sector is uniquely positioned to support local experimentation and innovation and harness the energy of communities for market-based solutions to address social and environmental issues. Social enterprises generate employment and community wealth. Some successful examples include organizations that have devised a way to finance and build affordable housing and another nonprofit that created a zero-discharge waste water system protecting Ontario's fresh water resources. Often working in areas where commercial enterprises are not active, social enterprises engage those on the socio-economic margins and build assets in communities, and along the way, unleash significant job creators and wealth producers who contribute enormously to the province's prosperity.
- **As local leaders:** Nonprofit organizations are community champions, helping to engage and mobilize communities to make them better places to live and raise family for all its residents.

## **Recommendations:**

The nonprofit sector is a critical part of any future solution and through meaningful partnerships, needs to work alongside public and the for-profit sectors to help create jobs and usher in a new era of prosperity for all Ontarians.

- 1. Going forward, the nonprofit sector should be an active partner in discussions and initiatives to strengthen Ontario's socio-economic well-being, specifically in the area of employment and community prosperity.**
- 2. Nonprofit and cooperative social enterprises are dynamic and viable corporate business structures that should be afforded the same procurement opportunities, services, supports and incentives as those in the for-profit sector.**
- 3. The nonprofit sector's community-based leadership activities related to inclusive, asset based human capital development (both paid and volunteer work) should be expanded, especially for those Ontarians marginalized by the current labour market and skills training policies in the province.**
- 4. The Council, as a crucial first step, should support the systematic reform of Ontario's social security system and to that end, the recent report: "*Brighter Prospects Transforming Social Assistance in Ontario*" provides, for example, an excellent blueprint for these reforms. Reforming the social security system, however, is only one piece (albeit an important piece) of the larger initiative needed to address growing income inequality.**
- 5. The government of Ontario should establish a renewed policy framework that actively encourages and supports the growth of nonprofit and cooperative social enterprises through, for example, loan guarantees and a new intangible property program, to ensure Ontario has the broad, community driven capacity and resilience to create and sustain prosperity for all its citizens.**

Thank you for considering our submission. The leadership of ONN looks forward to meeting with Council members at their earliest opportunity.

## Appendix A

**The Ontario Nonprofit Network (ONN)** was organized in May 2007 to participate in the revamping of corporate legislation for the nonprofit sector. Since that time, sector support for the nonprofit network has continued to grow and ONN has emerged as a leading nonpartisan convener of sector voices, communication broker and coordinator for nonprofits in Ontario. Working together the sector has been able to increase collaborations with government, foundations and the for-profit sector to help strengthen supports to individuals and build strong resilient communities. Find out more about the breadth of ONN's activities on its website: [www.ontariononprofitnetwork.ca](http://www.ontariononprofitnetwork.ca)

**The nonprofit sector in Ontario** is an essential element in building and sustaining the province's civil society. It is the backbone of healthy, vibrant and prosperous communities, providing important public-benefit programs and services. Organizations in the sector – from environment, to arts and culture, sports and recreation, newcomer settlement, housing, social services, community development, education, research, faith groups and more – affect almost all Ontarians, making our province a healthy, desirable place to live, work, and raise families.

The nonprofit sector is solution driven, resulting in:

- ◆ Innovation and collaboration on the ground, creating transformations and innovations for individuals and communities.
- ◆ Improved community resilience and strong community stewardship
- ◆ Retention of publicly financed assets for long-term benefit of local communities
- ◆ Economic growth and job creation

The broad nonprofit sector in Ontario:

- ◆ Represents 7.1% of Ontario's GDP (equivalent to the auto and construction sector's combined share of GDP)
- ◆ Mobilizes over 5 million provincial volunteers
- ◆ Provides over 1 million Ontarians with employment
- ◆ Includes 46,000 registered charities and nonprofits operating for the public benefit

The core or "community" nonprofit sector (excluding municipalities, universities, schools and hospitals) in Ontario:

- ◆ Represents 2.6% of Ontario's GDP
- ◆ Obtains 43% of revenue through earned income (e.g. fee for service and sales) supplemented by government funding (36%), donations and investment income (17%)
- ◆ Generates \$20 in donations and volunteer resources for every \$10 invested by government
- ◆ Provides over 600,000 Ontarians with employment