



February 9, 2015

The Honourable Charles Sousa
Ministry of Finance
7th Floor, Frost Building South
7 Queen's Park Cres., Toronto, ON M7A 1Y7

2015 Pre-Budget Submission: Unlocking Assets for Community Benefit

Dear Minister Sousa,

The Ontario Nonprofit Network (ONN) is pleased to have the opportunity to present recommendations that leverage existing provincial assets and the Ontario Government's partnership with the nonprofit sector to invest in people and strengthen the economy.

The Ontario Government has articulated a twofold goal: to invest in Ontario's people and continue to reduce the provincial deficit. In this context, a balanced approach of policies that generate revenue and use existing resources to strengthen the province is needed. That means making the most of government resources allocated to enable community and economic development.

As Premier Wynne notes in her 2014- 2015 Mandate Letters, significant opportunities can be created through the government's strong relationship with the nonprofit sector. With 55,000 organizations, 600,000 employees, over 5 million volunteers and a contribution of 2.6% to the province's GDP, the nonprofit sector is a primary driver of social and economic development across the province.

ONN currently partners with over 12 Ministries to enable community building work, including: Finance; Government and Consumer Services; Citizenship, Immigration and International Trade; and Economic Development, Employment and Infrastructure. The sector's infrastructure is being strengthened through joint work on an updated Not-for-Profit Corporations Act, funding and investment reform, police record checks, and a data strategy for the sector. In addition to these files, ONN awaits updates regarding the government's ministry-wide program review and any impact it may have on the sector.

ONN has four recommendations that can unlock existing assets for community benefit: **Put Unused Funds To Work, Free Up Public Lands for Public Use, Make Purchases Count for Community, and Kick-Start Nonprofit Pension Planning.**

The recommendations all support the nonprofit sector and community builders in changing times, which will strengthen— not replace— the ongoing government investments required for healthy communities.

Our vision: A Strong and Resilient Nonprofit Sector. Thriving Communities. A Dynamic Province. We know you share this vision as well. We look forward to making this happen, together.

Sincerely,

Cathy Taylor
Executive Director, Ontario Nonprofit Network



The Ontario Nonprofit Network (ONN) is the provincial network for the 55,000 nonprofit organizations across Ontario. As a 7,000-strong network, with a volunteer base of 300 sector leaders, ONN brings the diverse voices of the sector to government, funders and business to create and influence systemic change.

Ontario's Nonprofit Sector

*"[We must] continue to build on the strong relationships we have with the Ontario Public Service, the broader public sector, other levels of government, and the private, non-profit and voluntary sectors." [...]
"This collaborative approach will shape all the work we do."*

Premier Kathleen Wynne, 2014- 2015 Mandate Letters

"The work [nonprofits] do [...] is so important. [Nonprofits] really do make Ontario what it is."

The Honourable Deb Matthews, Deputy Premier, Minister Responsible for the Poverty Reduction Strategy, President of the Treasury Board, ONN Conference 2014

Unlocking Assets for Community Benefit: Four Recommendations for Ontario's 2015 Budget

- 1. Put Unused Funds to Work**
- 2. Free Up Public Lands for Public Use**
- 3. Make Purchases Count for Community**
- 4. Kick-Start Nonprofit Pension Planning**

1. Put Unused Funds to Work

In a climate of fiscal restraint, all existing funds should be tapped into to strengthen the province. These include a significant pool of funds from unclaimed intangible properties, sitting idle on the financial books of companies and the Government of Ontario. These funds are not being put to work, and instead, are losing value over time, due to service fees and holding charges.

> Create a Community Opportunity Fund as part of a Reclaimed Assets Program

The creation of a made-in-Ontario Reclaimed Assets Program will ensure more properties are returned to their rightful owners, and invested back into Ontario's communities through a Community Opportunity Fund. Given the significant value of these assets in Ontario, they could also provide support for the government's broad fiscal objectives, including debt retirement to improve the outlook for tomorrow.

What are unclaimed intangible properties? Unclaimed intangible properties generally include, but are not limited to, insurance policies, returned stocks and bonds, bank deposits, unpaid wages, and pension benefits.¹ Inside of government, they include but are not limited

¹ Source: 2012 Ontario Budget, "Strong Action for Ontario", p. 94.

to: unpaid program benefits, tax returns, and court surety deposits. These are funds that are unable to be united with their owners even after best efforts are made. They remain unclaimed on the financial books of companies and governments, being eaten away by service charges and fees.

How could the Reclaimed Assets Program work? A mandatory Reclaimed Assets Program would require holders of unclaimed assets to remit property to an administrator. The administrator would engage in a comprehensive reunification process. Excess unclaimed funds would be earmarked and used for direct investment in nonprofit organizations through a Community Opportunity Fund, and for the province's debt retirement.

The successful reclaimed asset program operated by the Government of British Columbia could be adapted to develop a mandatory program that is specifically designed for Ontario. ONN would be pleased to work with government to design a Reclaimed Assets Program that would strengthen communities.

Please refer to ONN's proposal for an [Ontario Reclaimed Assets Program](#) for more details.

What's the investment? Revenue positive. The program administration would be funded from the pool of unclaimed intangible properties. This recommendation would require legislative and regulatory initiatives, and partnership between government and the nonprofit sector to establish and implement the program.

2. Free Up Public Lands for Public Use

As indicated in four Mandate Letters (for the Ministers of Municipal Affairs and Housing; Health and Long-Term Care; Education; and Community and Social Services), community hubs are a "priority for efficient land use, and can help build better ties among schools, municipalities and community organizations." Like other arm's length, publicly owned lands, school properties are often located at the centre of communities. When these lands are sold and repurposed for private use, community hubs and public spaces are lost. They should instead be held in public trust in two ways:

> Working with nonprofits, develop strategies for retaining public lands for public use.

As community needs change over time, school properties and other publicly held lands can offer space to a variety of nonprofits to use for their activities, strengthening their role as community hubs. These lands should be retained by government for public use over the long term whenever possible, and stewarded in partnership with schools and other community organizations to meet the needs of changing demographics. As key stakeholders in community hub development, nonprofits should be included in consultations and decision making. They should have access to opportunities and resources to facilitate their role as stewards of public spaces and core public infrastructure, which would support the Premier's focus on the "efficient use of public assets," noted in her mandate letters.

How can nonprofits be a key partner in the development of schools as community hubs?

The process to determine the use of school board land should be amended to proactively include nonprofits in discussions about the uses of public lands- what's both appropriate

and needed by the community. This includes, but is not limited to: the Accommodation Review Committee (ARC) process and the disposal process outlined in Regulation 444/98. The process should ensure that public lands are optimized for public use before any decision is made to offer them for sale to private interests, including any decisions about the potential disposal of lands.

What's the investment? Cost neutral. At no added cost, this would be an investment in the infrastructure and communities of Ontario.

> Ensure nonprofits have access to purchase publicly owned lands prior to sale on the open market.

While government ownership should be maintained, in the short term, public lands suitable for community hubs are sometimes sold rather than co-developed in partnership with nonprofit organizations. Government should require that all local school boards and other administrators of publicly owned lands list properties for sale on a public asset registry, which nonprofits would have access to before these properties were placed on the open market.

How could nonprofits have advance access to purchasing opportunities?

A provincial government system already exists to allow public benefit entities, including community nonprofit organizations, to purchase surplus government properties at market rates prior to public sale. In 2013, as a direct result of an Open for Business initiative for the nonprofit sector, ONN, in partnership with the Ministry of Infrastructure and Infrastructure Ontario, created the [Nonprofit Registry for Public Benefit Lands](#). This mechanism and process could easily be used to include surplus school board properties for sale to public benefit nonprofits, in partnership with the Ministry of Education.

For further description of [ONN's Nonprofit Registry for Public Benefit Lands](#)

What's the investment? Cost neutral. It would require a regulatory change, and partnership between government and the nonprofit sector to extend the existing registry.

3. Make Purchases Count for Community

The Government of Ontario has significant purchasing power. Each purchase is an opportunity to leverage funds for further investment in communities. Social procurement can help the government put these dollars to work not just once, but twice - by supporting social enterprise - at no extra cost.

Social procurement should be a top priority as the Ministry of Government and Consumer Services and the Ministry of Economic Development, Employment and Infrastructure pursue their mandates to ensure the efficacy of procurement strategies, and undertake significant capital projects in the coming years.

> Create a Task Force to provide recommendations for advancing the government's social procurement approaches in Ontario. A Task Force of nonprofits and other stakeholders would provide practical, on-the-ground solutions to ensure Ontario's procurement strategies meet both financial and social outcomes, while adhering to the requirements of relevant trade agreements. Convening this Task

Force for a time-limited period would demonstrate the Government of Ontario's commitment to maximize its return on investment, through many of its significant purchases. A Task Force is an important step towards establishing a social procurement action plan for the province.

What precedents for a social procurement action plan could the Task Force consider in making recommendations to government?

There are examples in Ontario and around the world to build on, including the pilot program of the 2015 Pan Am & Parapan American Games to help social enterprises be part of Games procurement. Most comprehensively, the Scottish Government has demonstrated the value and practice of undertaking public procurement reform with a focus on social procurement. More information about the Government of Scotland's work can be found at: [The Public Procurement Reform Programme, Government of Scotland](http://www.scotland.gov.uk/Topics/Government/Procurement/about/Review)
<http://www.scotland.gov.uk/Topics/Government/Procurement/about/Review>

What's the investment? Cost neutral. The creation of a Task Force would involve time and administration to partner effectively and produce joint recommendations to the government.

4. Kick-Start Nonprofit Pension Planning

In the context of an increasingly precarious labour market, the Ontario Government has introduced legislation enabling the creation of an Ontario Retirement Pension Plan (ORPP). ONN applauds the introduction of the ORPP as a way to help support the retirement income security of nonprofit workers who have served the public good throughout their careers.

Government consultations on the ORPP have highlighted the impact on nonprofits and the need for a discussion on broader pension reform in the sector.

> Consider the cost of new ORPP premiums in grants and contributions to the nonprofit sector, and ask other levels of government to do the same. The ORPP will impose new costs on nonprofits at a time when many of these organizations have endured several years of funding freezes. ONN is asking, at a minimum, that the Ontario Government take these costs into account in the grants and contributions provided to nonprofits through which nonprofits deliver services to communities on behalf of government. Furthermore, we ask the Ontario Government's support in asking other levels of government to do the same.

More broadly, the impact of the ORPP on the nonprofit sector must be placed in the context of much-needed reforms in the government/nonprofit sector funding relationship. Our two sectors must work together to ensure that nonprofits can offer fair compensation, including pensions, in a way that is financially sustainable.

The ORPP aims to replace 15% of a worker's pre-retirement income², which could still leave a significant income gap for modest-income workers unable to save individually for retirement. Nonprofit organizations are interested in exploring the possibility of a sector-wide pension plan that would help to close more of this gap for our workers.

> Create a Joint Task Force on Nonprofit Sector Pension Reform

To advance this discussion, ONN is recommending that the Ministry of Finance establish a joint government/nonprofit-sector task force to examine the policy implications and implementation of the ORPP in this important sector of the Ontario economy, and explore the viability of establishing a dedicated pension plan for this sector.

What issues would be considered by the Task Force?

The Task Force would offer recommendations on four key issues:

- Gaps in labour market information for the sector
- How best to deliver financial literacy training in and through the sector, including to nonprofit boards of directors and low-income and marginalized Ontarians who will be best reached through the community organizations that serve them
- Implementation issues as the ORPP is rolled out in the sector, and
- Policy development on a sector-wide pension plan.

What's the investment? Cost neutral in the short term. This recommendation would require a commitment from government and the nonprofit sector to investigate data gaps and the feasibility of various pension plan options. A discussion on the allocation of plan costs would take place in a subsequent phase.

² Government of Ontario. "The Ontario Retirement Pension Plan: Discussing a Made-in-Ontario Solution." December 2014. <https://www.ontario.ca/government/ontario-retirement-pension-plan-made-ontario-solution> p. 8.