



July 11, 2017

Eric Rennie, Clerk
Standing Committee on Finance and Economic Affairs
Ontario Legislature
99 Wellesley Street West, Room 1405
Whitney Block, Queen's Park
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Re: Bill 148 Fair Jobs, Better Workplaces Act 2017

To the Clerk and Members of the Committee,

We are writing to respond to your call for submissions in relation to Bill 148. As a provincial network of nonprofits that represent both employers and employees, we would like to provide important context on the proposed legislative changes and the state of work for the more than 55,000 nonprofit organizations in Ontario, of which about half have paid staff.

Ontario's nonprofit sector - a key economic and social contributor

Ours is a diverse sector of passionate people deeply invested in their work delivering community and public benefits. As a sector, we are also a major employer in our province and one of the fastest growing segments of Ontario's labour market. Our sector employs one million employees, of which approximately 600,000 are full-time workers. The nonprofit sector makes up 2.6% of Ontario's GDP, while almost half of our sector's revenue comes from government funding, 36% is derived from earned income¹.

Funding relationship and decent work

Decent work is a concept developed by the International Labour Organization (ILO) at the United Nations that is used to conceptualize fair, equitable and stable work for all.² ONN is committed to decent work and supporting the Ontario nonprofit sector to champion its responsibility as employers to create quality jobs and career paths for its one million workers. ONN supports legislation that creates more decent work practices like fair wages and equal pay for all Ontario workers. But providing decent work takes time and money, and there is no doubt this investment will be difficult for nonprofit employers who are already operating in a resource-scarce environment.

Since 2010, ONN has been dedicated on labour market issues in the nonprofit sector and more recently in 2015, we have committed to building decent work in nonprofit organizations. Together with our network, we have created decent work tools like our [charter and checklist](#) to help nonprofits implement decent work practices. However, while we have gained some

¹ *Ontario Nonprofit Sector - Creating Vibrant Communities* infographic (2013) <http://theonn.ca/wp-content/uploads/2011/08/Infographic.Nonprofit.Sector.pdf>

² *Decent Work* (2017) <http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>

momentum in changing organizational culture, decent work ultimately cost money to do it. **A deeper conversation around funding reform is the bigger task at hand.** Approximately 45% of nonprofit funding comes from government sources and we have heard from various nonprofit organizations who are challenged to find additional funding to increase wages, attract the right workers and manage additional financial responsibilities to their staff (e.g. enhanced CPP payments). Nonprofit organizations can only succeed in meeting these needs if they have the support of the Ontario government and other funders. Aside from improving employment standards for all, this will require an update to grants and funding agreements to ensure they reflect the province's commitment to eliminate the gender wage gap, supporting quality jobs in our changing economy and nonprofit's work in providing high quality services for Ontarians on behalf of the government.

Labour market data & retention in the nonprofit sector

To ensure we're making progress on decent work, we also need better **labour market information (LMI)**. The Ministry of Advanced Education and Skills Development was given a mandate last September to develop an LMI strategy for the province and we believe this is critical to ensure that we are making progress on "fair jobs" and "better workplaces." Normally LMI is framed in terms of its usefulness for workforce planning but it can also tell us about job quality, recruitment and retention challenges, the prevalence of harassment in the workplace, and many other factors relevant to an understanding of our rapidly changing world of work. We currently have no data at the national or provincial level to fully understand the reality of work in the nonprofit sector. We do know from our [Shaping the Future \(2013\) report](#) that many workers in the sector face precarious employment, and our research has shown nonprofit employers face serious recruitment and retention challenges. It will be critical to build our knowledge of nonprofit workplaces, and the Ontario labour market at large, to ensure we can measure progress on decent work.

Omissions in Bill 148 from the *Changing Workplaces Review* report

Bill 148 has attempted to strike a balance between the priorities of employers and those of workers in responding to the report of the Changing Workplaces Review. However, among the proposed legislation changes there are two important recommendations that remain unaddressed:

- Recommendation #86: The provincial government initiate an urgent study as to how a **minimum standard of insured health benefits can be provided across workplaces, especially to those full-time and part-time employees without coverage, the self-employed, and including small employers.**
- Recommendation #87: The provincial government urge the federal government to **review the operation of the private pension system, in conjunction with public programs**, such as the Guaranteed Income Supplement, with respect to how they affect low earning Ontarians.

As part of ONN's commitment to decent work, we believe that access to health benefits and a pension plan are integral for our workforce; however neither of these were addressed in the proposed legislation. We are doing our part to improve access to benefits via a nonprofit sector-wide [employee health benefits plan](#) and developing a [pension plan for the nonprofit sector](#), but

we need governments to create a more enabling environment for these kinds of initiatives, including through appropriate regulation of multi-employer pension plans for non-collectively-bargained workplaces and through funding practices that automatically treat health/pension premiums as eligible expenses. More generally, we encourage both levels of government to find ways to ensure that the pensions system works better for low and modest income workers in the private and nonprofit sectors.

In the Changing Workplaces Review interim report, we were pleased to see the reference to David Weil's concept of "fissuring" (p. 27). "Fissuring" is the process by which a "lead company" offloads responsibility for employment standards by outsourcing manufacturing to many smaller workplaces. This allows the company to maintain control over quality and delivery standards without having the responsibility for workers:

The critical factor which allows the revenue and costs strategies to be integrated and which makes the overall business strategy successful is that the lead company can control the product and services provided by the contractors and subcontractors through new information and communication technology. The technology makes possible the creation of detailed complex standards to which contractors must abide, and also makes it possible for the lead companies to control and enforce all of the standards on product quality, delivery, and other services that the contractors and subcontractors provide. Thus, contractors of the lead company, often in fierce competition with other similar companies, must comply with the rigorous supervision of the lead company. Under this strategy, the lead company avoids the legal responsibility that goes with directly employing the employees of the contractors and subcontractors, and any statutory or bargaining responsibility that goes with it. The smaller employers and therefore less stable themselves and often uncertain relationships with their own workers.

This phenomenon is familiar to our sector as the Ontario government continues to regulate (or "rigorously supervise" to use Weil's term) the nonprofit sector, while absolving itself as funder/contractor from responsibility for working conditions. Consider, for example, that provincial funding agreements will not cover the cost of severance pay for workers even though these agreements are generally one year in length and often renewed well after the start of each fiscal year, requiring nonprofits to "risk manage" their staff costs if they wish to provide service continuity to their clients.

If at any point the province decides it will no longer fund a nonprofit's particular program at existing levels, the nonprofit is required to provide severance pay. However, there is no source for these funds other than the nonprofit's own internal reserves (which are also strictly regulated) because severance pay is an ineligible expense in funding agreements.

As well, many provincial funding streams place arbitrary limits on administrative costs (which covers such decent-work-related costs as professional development and training) and/or do not cover legitimate staffing costs, such as non-statutory pension contributions and employee benefits.

Furthermore, the Government of Ontario imposes ever-increasing regulatory requirements on the nonprofit sector without acknowledging that these requirements come with costs that aren't fully reflected in funding agreements. Examples include ongoing legislative commitments related to pay equity, occupational health and safety, and accessibility for persons with disabilities. For

nonprofits that deliver services to communities on behalf of government, it has become increasingly difficult to provide decent work, while meeting both the contractual and legislative requirements of government.

In closing, while we support the legislative changes aimed to raise the floor for all workers in Ontario we must remind the committee that, to ensure “fair jobs” and “better workplaces” in the nonprofit sector, government (as funder and regulator of the sector) and other funders will need to change their practices to help nonprofits move swiftly in the timeline proposed. Workplace legislation affects us all and to address these issues head on, we need a holistic sector driven approach with engagement from funders, policy-makers, and workers in the sector.

As the world of work is changing, so are the needs of the nonprofit sector. The Ontario nonprofit sector is a \$50 billion economic driver, and above all, a sector that is the foundation of the social infrastructure of Ontario. The sector relies heavily on the passion of its staff and volunteers, but, given the increasingly complex regulatory and economic landscape, nonprofits must be able to compete for professional talent in the paid labour market. They will not be able to recruit the talent of the future if these changes are not addressed with concrete solutions in the workforce and in our workplaces.

We are committed to supporting Ontario’s robust and diverse nonprofit sector employers and employees and we look forward to continued opportunities to work with the Ontario Government to raise the floor for all workers in this province to the benefit of our economy and all Ontarians.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cathy Taylor', written in a cursive style.

Cathy Taylor
Executive Director