



November 18, 2016

C. Michael Mitchell and The Honourable John C. Murray, Special Advisors  
Changing Workplaces Review, Ministry of Labour  
ELCPB, 400 University Ave., 12th Floor  
Toronto, Ontario M7A 1T7  
By email: CWR.SpecialAdvisors@ontario.ca

**Re: ONN's response to the Ontario Government's  
"Changing Workplaces Review" interim report**

To the Special Advisors:

We are writing to respond to your interim report and provide insight from the perspective of the nonprofit sector. We do not have expertise regarding the *Employment Standards Act* or *Labour Relations Act* so we will not comment on specific legislative changes under consideration. However, we would like to provide important context on the state of work for the 55,000 nonprofit organizations in Ontario, to complement the private sector voices from whom you have heard.

The Ontario Nonprofit Network's (ONN) vision is to support thriving communities and a dynamic province through a strong and resilient nonprofit sector. We are the provincial network for the 55,000 nonprofit organizations across Ontario. ONN brings the diverse voices of the sector to government, funders and the private sector to create and influence systemic change. ONN activates its volunteer base and the network to develop and analyze public policy, and work on strategic issues through its working groups, engagement of nonprofits and charities and government.

**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 contributes 2.6% of Ontario's GDP, with \$50 billion in economic impact each year. While almost half of our sector's revenue comes from government funding, 46% is derived from earned income.

## ***ChangeWork: A Decent Work Movement for the Nonprofit Sector***

ONN has collaborated with many partners across Ontario to identify issues and strategies related to leadership development, workforce planning, and diversity/inclusion. Our current labour force objective is to build a decent work movement in the nonprofit sector. The extent to which Ontario nonprofits can offer decent work has a significant impact on our sector's ability to deliver on its community benefits objectives. If our employment conditions effectively support people's commitment to their work and create opportunities for their development and growth, the capacity of our organizations to achieve their desired impacts will only be strengthened.

ChangeWork is a collaborative project by ONN, Toronto Neighbourhood Centres, and Mowat NFP, with the support of the Atkinson Foundation's Decent Work fund. Its goal is to generate ways for our sector to promote decent work practices in our workplaces, communities, sector, and society. For the Ontario nonprofit sector, decent work is not just about better benefits and pay for nonprofit workers. Decent work is also an opportunity for us to align mission and practice: to work for policy changes that make work better for all and, at the same time, tackle the systemic issues that hold the sector back.

The focus of the current phase of this project includes:

- Championing the importance of a decent work agenda for our sector
- Profiling and sharing existing and emerging promising practices
- Identifying the supports needed to expand these approaches
- Continued efforts to achieve the funding reform agenda and other policy changes that would assist organizations to better realize their decent work aspirations

The first phase of this work resulted in a report, [\*ChangeWork: Valuing Decent Work in the Nonprofit Sector\*](#) (2015). The report identifies how our sector can act together to thrive as a site of decent work. It explores the question: what would a nonprofit sector that invests in people look like, and what would it take to make it happen? It was designed to engage nonprofit boards, executive directors, staff and funders in discussion about the value of decent work for the sector and how nonprofits can lead the decent work movement, both within the sector and in society at large.

There are many related issues that affect the nonprofit sector's employees: employment stability; low levels of pension plan and benefits coverage; high rates of part-time and contract employment; underinvestment in training and development; and poor work/life balance. The decent work movement is a chance for the sector to act as a champion of working conditions and social policies that not only ensure dignified and supportive work environments for employees, but also support the overall health and effectiveness of the nonprofit sector.

## Seven elements for decent work

With our partners, ONN has identified seven elements as a starting point for what decent work means in the nonprofit context. Based on research and consultations with nonprofit boards, management, and front-line workers, our sector faces a number of challenges in these areas. Statistics are taken from our 2013 labour force report, [Shaping the Future](#), while insights on the challenges are from *ChangeWork*:

- Employment opportunities
  - Approximately half of Ontario nonprofits have paid staff (the rest are entirely volunteer run).
  - Large organizations with 51 or more staff (18% of nonprofit workplaces) employ the bulk (79%) of all staff in the sector.
  - Small organizations with 10 or fewer staff (50% of nonprofit workplaces) employ 5% of the sector's employees.
  - Many organizations struggle to compete for talent and offer decent work in the context of constrained budgets.
- Fair income
  - Many nonprofits have been active in advocating for living wages.
  - Compensation in the sector is stagnant or growing slowly and varies by organization and community size.
  - The sector is constrained by a lack of reliable labour market information.
- Health and retirement benefits
  - According to Canada-wide data, about 30% of nonprofits had a workplace pension plan in 1999. The proportion with pension coverage is likely lower now.
  - Less than a quarter of permanent, part-time workers have access to extended health benefits and only 10% have some form of retirement income plan.
- Stable employment
  - 53% of our sector's workers are full-time (30+ hours/week) permanent, 28% are part-time permanent, 13% are part-time contract, and 6% are full-time contract staff.
  - 14% of organizations are unionized. The majority (69%) of workplaces that are unionized have 21 or more staff. Many of these are in the social and human services areas. Only a small percentage (less than 10%) of organizations in the sports/recreation, arts/culture, housing, and environment sectors are unionized.
- Opportunities for development and advancement
  - 90% of nonprofits have participated in some form of professional development and training. In most cases, these are low-cost and informal opportunities.
  - Nonprofits generally do not have the resources to spend adequately on training and professional development.

- Equality and rights at work
  - Frontline workers report stress and safety concerns due to lack of training on how to de-escalate violent and threatening behaviour.
  - The toll on mental health is often ignored.
  - Precarity in employment can discourage employees from engaging anti-oppression and anti-harassment policies, when these exist.
- Culture and leadership
  - Passion is a strength of the nonprofit sector, but it can be harmed by poor working conditions and lack of engagement opportunities.
  - Nonprofit workers, especially in service delivery, report doing extra work to reduce the impact on clients of reduced resources.

We included a significant focus on decent work at our October 20<sup>th</sup> annual conference, *Nonprofit Driven 2016*, with over 400 nonprofit leaders from across Ontario. We were pleased to have a representative from the Ministry of Labour speak about the Changing Workplaces Review. In this session, we also shared best practices from nonprofits, discussed the preliminary findings of our task force on pension plans in the nonprofit sector, and deliberated on next steps for our decent work movement. ONN has applied for funding to scale up its decent work initiative in 2017-19 with plans for a pension plan and employee benefits for our sector workers, build the decent work movement, and tackle the public policy environment that constrains our sector's workplaces to offer decent work.

### **Provincial funding relationship and decent work**

An important question posed to the Ministry of Labour staff at our recent conference concerned the role that provincial funding plays in contributing to precarious work in the nonprofit sector. Taking into account that government funding accounts for almost half the sector's revenue, we ask the Changing Workplaces Review to recognize that a nonprofit sector that offers decent work as a matter of course will only be realized if funding agreements take into account the real costs of delivering programs.

We were pleased to see the reference to David Weil's concept of "fissuring" in the Changing Workplaces Review interim report (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.

We encourage the Changing Workplaces Review to take into account the role of government as “lead company” in contracting with many smaller nonprofit workplaces to address the provision of decent work in our sector.

In closing, we look forward to continuing the dialogue between members of our sector and the Changing Workplaces Review special advisors and ministry staff. The challenge of addressing decent work in the nonprofit sector will not be addressed overnight and it is important that we continue to deliberate and work together to implement practical strategies to improve working

conditions while enabling nonprofits to continue to enrich the lives of people in their communities across the province.

We would be pleased to meet with you to discuss these issues and consider how we can further engage Ontario's nonprofit sector in the Changing Workplaces Review. Please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Taylor". The signature is fluid and cursive, with the first name "Cathy" being more prominent than the last name "Taylor".

Cathy Taylor  
Executive Director

c.c. The Honourable Liz Sandals, President of the Treasury Board  
The Honourable Laura Albanese, Minister of Citizenship and Immigration