

# ONN Policy Priorities 2017-18

*Preamble: The following represents ONN's current focus in terms of proactive policy advocacy. That's not to say that we won't rise to the occasion as new policy opportunities arise in areas broadly related to our three key policy areas: people, our financing, and our regulatory environment. We also undertake work in the area of sector services to help organizations improve how they get their work done (e.g. offering a sector-wide employee benefits plan) and strengthening sector capacity to do public policy (e.g. sector-driven evaluation and advocacy tools).*

*If you know of an emerging policy issue that affects a range of Ontario-based nonprofits (e.g. arts/culture, sports, environmental, faith-based, health, and social services), please tell us about it! We love to hear about policy advocacy work in the sector and we may be able to spread the word and connect you with new partners.*

## **1. Our People:**

***Our goal is to strengthen and support the nonprofit sector labour force and its diverse and active volunteer base. This will result in the mobilization of a decent work movement in the sector.***

### **[Build a strategy to strengthen Ontario's one million-strong nonprofit workforce](#)**

To attract and retain the best people, Ontario's nonprofit sector must position itself as a "sector of choice" for good careers as well as for good volunteer opportunities. Ontario's nonprofit sector would be strengthened by better labour market information (LMI) and coordinated labour force planning. How can nonprofits and sub-sectors (such as child care and the arts), as well as the sector as a whole, work to address critical issues affecting our sector's labour force, such as leadership and skills development, diversity and inclusion, the need for decent work and meaningful volunteer opportunities, and succession planning for the future of the sector?

#### **Vision:**

The nonprofit sector has a labour force that is growing, diverse, resilient, inclusive, and well supported through fair salaries, benefits, and pensions; good working conditions; and relevant developmental opportunities and mentorship. Our sector's leaders work together to continually anticipate and plan for nonprofit labour force needs. Our expanding volunteer base is well supported and plays an effective role in helping nonprofits meet their missions.

**Next Steps:**

- Support research on emerging leadership competencies in the nonprofit sector as part of “Shaping the Future: Next Steps.”
- Create links between labour force development efforts across the sector.
- Advocate for the collection and analysis of labour market information to help establish benchmarks and a broader understanding of the sector’s labour force.
- Promote the inclusion of research on volunteering, volunteer management, and the economic contribution of Ontario’s volunteers as part of the Ontario Volunteer Action Plan.

**[Champion a decent work movement for good working conditions to better serve communities](#)**

Job quality issues affect many of the sector’s one million employees, including salaries and overtime pay; 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. [There is a need to improve working conditions](#) for all – in the nonprofit sector and beyond.

The decent work movement presents an opportunity for the sector to act as a champion of good working conditions through organizational practices and funding reform. It also calls on our sector to participate in advocacy for broader socio-economic policy that ensures supportive work environments for employees and enables the overall health and effectiveness of the nonprofit sector.

**Vision:**

The nonprofit sector in Ontario is a champion for decent work and leads by example with a well-supported, healthy, and vibrant workforce that plays a vital role in the social and economic development of our communities. The nonprofit sector is known for a growing number of employment opportunities, fair income, stable employment tenures, access to benefits and pensions, equality and rights at work, opportunities for employees to develop and advance, and leadership on promoting a decent work culture. Nonprofit employees, boards, partners, and funders work together to support decent work practices.

**Next Steps:**

- Undertake the detailed design and roll-out of a pension plan for the nonprofit sector.
- Expand a brand-new sector-wide employee benefits program for Ontario nonprofits.

- Advocate for funding reforms to address the true cost of delivering programs.
- Identify and championing funding practices that counter the trend toward precarious work.
- Engage with and mobilizing the sector on employment standards and labour legislative reform.
- Develop the infrastructure required to support a decent work movement in the nonprofit sector, including a clearinghouse of resources and a network of mentors/champions at the board, staff, and funder levels as well as outside the sector.
- Engage the nonprofit sector across Ontario, supported by the development of messaging tools to help sector leaders advance the decent work movement at the local level.

### **Reduce barriers to employment and volunteering by creating a fair and streamlined process for police record checks**

There is variation across Ontario in the process and rules governing police record checks. Some police services charge fees for volunteer checks while others do not and some services take many weeks to process requests. Furthermore, as employers and stewards of volunteers, nonprofits currently have to interpret sensitive information in police record checks, instead of receiving a straightforward “pass/fail” report for candidates.

#### **Vision:**

Nonprofit organizations in Ontario have timely and affordable access to appropriate information from police record checks that helps them manage risks to their employees, volunteers and clients, particularly those from vulnerable groups.

#### **Next Steps:**

- Work with partners during the introduction of the pending regulations under the *Police Record Checks Reform Act*.
- Advocate for centralized screening for vulnerable sector checks.
- Advocate for Ontario-wide regulations and policies that control the cost and administrative burden of police record checks and harmonize the process across jurisdictions.

## 2. Our Financing:

***Our goal is to catalyze improvements in the Ontario nonprofit sector's funding environment by advocating for the reform of the sector's investment relationship with government and the removal of barriers for nonprofits to earn income.***

### **[Advocate for policy that enables nonprofit social enterprises to earn income to support innovation, sustainability, and a more inclusive economy](#)**

The nonprofit sector is a \$50 billion economic driver which generates 5.2 percent of Ontario's gross domestic product and employs a million people. Rather than extracting shareholder profit, nonprofits leverage government and other investments via earned income, donations, and volunteer hours to promote community benefit throughout the economic sectors in which they are active. The growth of nonprofit social enterprise is constrained, however, by our regulatory environment. While 80 percent of social enterprises are operated by nonprofits, most policy development on social enterprise is focused on the growth of the for-profit social enterprise sector. Even though nonprofits are encouraged to increase their self-sufficiency through earned income, regulations remain in place that restrict their opportunities. Investment in nonprofit social enterprise (loans, grants, and tax incentives) should also be expanded to help this sector grow.

#### **Vision:**

Nonprofits, governments, and funders recognize the critical role played by nonprofit social enterprises in supporting both nonprofit sustainability as well as a more inclusive economy and labour market. The nonprofit and charitable sector has an enabling legislative and regulatory framework that does not constrain revenue generation activities by nonprofits that reinvest these revenues into public benefit work.

#### **Next Steps:**

- Advocate for favourable policy and legislative changes via legislative initiatives such as the *Canada Not-for-Profit Corporations Act*, *Ontario Not-for-profit Corporations Act*, and the Canada Revenue Agency's (CRA) Non-Profit Risk Identification Project and hybrid legislation should it proceed in Ontario.
- Update and continue to promote our [Policy Blueprint for Strengthening Social Enterprise in the Province of Ontario](#) (2014), our [submission to the Ontario Ministry of Economic Development, Employment and Infrastructure](#) (2015), our federal [submission on hybrid legislation](#) (2014), and our requested changes to the *Ontario Non-for-profit Corporations Act*

## [Foster a new investment relationship between nonprofits and their funders](#)

Beyond administrative modernization, the sector grapples with a range of funding challenges and trends, such as funding levels (including cost-of-living increases and investment for innovation/systems change work), investment in [core mission support](#), changing modes of funding (e.g., social finance/social impact bonds, commissioning, collective impact, lead agency model), and the need for data and evaluation capacity to measure outcomes. Because of the power dynamic with funders, nonprofit advocacy on funding reform is best conducted as a collective effort. Our work on funding reform involves not just the Ontario Government but also municipal and federal governments, charitable foundations and private funders.

### **Vision:**

The funding relationship between funders and the Ontario nonprofit sector is characterized by a shared commitment to transparency, continuous improvement of administrative processes, a spirit of partnership, and a focus on outcomes for communities. Funders and investors recognize and realize their role in supporting the sustainability of community and organizational infrastructure and decent work in the sector. Implementation of new forms of finance include nonprofits in program development and evaluation design. They ensure full cost recovery for the nonprofit. Any surplus revenues generated through social finance should be shared between investors and nonprofits so that the funds become available for future program innovation. New forms of funding are rigorously evaluated to ensure that they contribute to cost-effective, sustainable programs that provide long-term benefits to participants and local communities while strengthening the capacity of the nonprofit sector to continue to innovate. *For more on our sector's relationship with the Ontario Government, see the joint [Vision Document](#).*

### **Next Steps:**

- Monitor trends in funding (like collective impact, outcome-based funding, support for core organizational infrastructure/overhead, and cost-of-living increases) and identify their impacts on the nonprofit sector.
- Bridge the gap between the nonprofit sector and government, and identify challenges and solutions via the [Joint Funding Reform Forum](#) and ongoing communications with the sector.
- Highlight connections between funding reform and related policy files (e.g., decent work) in our communications with funders.
- Continue to disseminate our [Policy Principles for Social Impact Bonds \(SIBs\)](#) and monitor SIBs pilots in Ontario while seeking a government-nonprofit sector reference group to evaluate costs and benefits in advance of any scale-up.

## Streamline funding agreements with the Government of Ontario to strengthen investment and stewardship of public funding

### - Transfer Payment Modernization

Funding agreements (called “transfer payment agreements”) with the Ontario government take up a significant amount of nonprofits’ administrative capacity, especially when it comes to financial accountability and budget constraints. There is a need to simplify and streamline application processes, agreements, budget templates, and reporting requirements.

#### **Vision:**

Transfer payment agreements across the provincial government reflect the [six principles](#) co-designed by Ontario Public Service and Ontario nonprofit sector representatives in December 2015:

- **Reciprocal respect:** A transfer payment is the result of a partnership based on reciprocal respect.
- **Stewardship:** Public resources produce best value where expected outcomes are most clearly defined, and the programs and organizations are focused on enabling and achieving those outcomes.
- **Accountability:** Parties to a transfer payment agreement must be accountable for addressing expected outcomes. Good administration supports accountability by providing transparency and capacity to deliver.
- **Simple:** Processes are streamlined and digitized, definitions and templates are standardized, and language is concise and clear to support clear communication and common understanding. Information is only requested when there is a plan to use it.
- **Flexible:** Budget flexibility allows transfer payment recipients to adjust and innovate to deliver expected outcomes and meet community needs within appropriate and transparent financial guidelines.
- **Proportional:** Application processes, reporting and other requirements are reasonable and proportional to the value of the funding and risk profile of the funding arrangement.

#### **Next Steps:**

- Continue to identify challenges and solutions via the [Joint Funding Reform Forum](#)
- Work closely with the Transfer Payment Administrative Modernization (TPAM) Office in Treasury Board Secretariat to pilot test and scale up streamlined and standardized funding practices across provincial ministries, including increased budget flexibility and a proportional, integrated approach to risk management.

- Collaborate with the Grants Ontario Business Office to support a Grants Ontario community of practice to provide ongoing feedback on the portal.
- Continue to push for multi-year funding and flexibility for organizations to reinvest funds generated through efficiencies in programming.

## [Channel the purchasing power of the public and nonprofit sectors to provide further benefits for local communities](#) [- Social procurement and community benefit approaches](#)

While funding agreements for service delivery represent an important revenue stream for nonprofits, these amounts are dwarfed by the overall purchasing power of the public and nonprofit sectors which could be used to promote the social economy. Organizations can buy with social value in mind at any scale, whether it is a government requiring community benefit clauses in infrastructure contracts or nonprofits having their annual meetings catered by a nonprofit social enterprise. Major government infrastructure contracts (e.g. for the construction of transit and highways) and urban development can be designed to include spin-off benefits that support employment opportunities for marginalized communities, procurement opportunities for social enterprises, affordable housing, and other community initiatives. Social procurement policies can direct public sector spending to social enterprises and other diverse suppliers from marginalized communities.

### **Vision:**

Nonprofits engage in purchasing that supports positive social and environmental outcomes for Ontario's communities. Social procurement policies are commonplace among government, the broader public sector (e.g., schools) and nonprofits. Local nonprofits in Ontario communities work together and with other sectors to identify, advocate for, and implement community benefits linked to large-scale infrastructure and development projects. The social economy grows continuously relative to the size of the overall economy.

### **Next Steps:**

- [Advocate for the mechanisms to promote community benefit approaches](#) in legislation ([Infrastructure for Jobs and Prosperity Act](#)) and regulations.
- Work with a broad coalition of partners through Community Benefits Ontario to develop and promote a cross-government policy framework on community benefits.
- [Promote a robust social procurement strategy for Ontario](#).

## [Increase access to capital financing so nonprofits can build and maintain assets that support communities](#)

Nonprofits often struggle to access financing for capital projects. Lenders are reluctant to lend to nonprofits with few assets or uncertain or modest revenue streams and are hesitant about business models they often don't understand or appreciate. In order to support repurposing or developing public infrastructure, the nonprofit sector needs access to long-term and accessible capital financing.

### **Vision:**

A broad range of nonprofits are eligible and supported to access loan programs tailored to public benefit organizations. Through the use of long-term and patient loans (i.e. long-term investments without the expectation of quick profit or returns), nonprofits are able to acquire and maintain assets (including land and buildings) to support public benefit work. These assets allow the flexibility and independence needed for proactive work and the ability to be nimble in responding to changing community needs.

### **Next Steps:**

- Produce a research paper which outlines opportunities and considerations for nonprofit access to capital financing, including through the [Infrastructure Ontario Loans Program](#).

## [Keep public space in community hands](#)

Public lands (land and buildings owned by the government and broader public sector, including surplus school lands) are often sold to the highest bidder without concern and consideration for the value they hold for local communities. There is a need for a more deliberate approach to assess the value of public lands and engage communities on potential uses that serve the public benefit before they go on the market.

More broadly, Ontarians need access to public spaces to promote civic engagement, social cohesion, and vibrant, healthy communities. In some communities, traditional meeting spaces - churches, schools, and legion halls - are becoming more scarce. Organizing an art class, a public meeting, or a little league game is becoming more of a challenge. Community nonprofits are well positioned to keep these spaces in community hands and retain them for the future as the needs of their surrounding communities evolve. Whether in rural, suburban, or urban communities, nonprofits should be supported to act as stewards of existing and potential lands and facilities.



**Vision:**

Public lands and the assets on them (e.g. buildings) are first accessible by the nonprofit sector for public use and benefit, today and in the long term. Land use is supported by strong partnership among governments, nonprofits, and local residents to ensure public assets remain accessible and in the public realm.

**Next Steps:**

- Promote the mandatory inclusion of broader public sector lands in the existing [Nonprofit Lands Registry](#). With this, qualified nonprofits may have the opportunity to purchase surplus public lands in advance of their availability on the open market.
- Work with provincial and municipal governments and communities to ensure public lands and buildings are open and accessible for public use.

### **3. Our Regulatory Environment:**

***Our goal is to ensure that the Ontario nonprofit sector's legal frameworks - policy, legislation, and regulation - support and empower the sector's work***

#### **[Modernize the 60-year old legislation governing the nonprofit sector - Ontario Not-for-Profit Corporations Act \(ONCA\)](#)**

The Government of Ontario passed legislation that governs nonprofits in 2010. It is now 2017 and the law has not yet been proclaimed. The current *Ontario Corporations Act* has not been updated since 1953 and organizations struggle to operate under legislation that is seriously out of date. A second piece of legislation related to the technical service delivery of the Act needs to be introduced and approved by the Legislature before the 2010 Act can be proclaimed.

**Vision:**

The nonprofit and charitable sector has an enabling corporate legal framework that is designed to meet the needs of the sector and regularly updated to meet changes in technology and practice.

**Next Steps:**

- Press the Ontario Government to introduce, pass, and proclaim an Ontario Not-for-Profit Corporations Act (ONCA) technical amendments bill (former version [Bill 85](#), died on the order paper)

- Advocate to ensure the amendments that are needed to improve the ONCA as an enabling legal framework for nonprofit corporations are included in the ONCA enabling bill.
- Support the Ontario Government in establishing a modern and efficient nonprofit registry that can also be used for data collection purposes.
- Ensure there is adequate transitional support for the nonprofit sector, once the ONCA has been proclaimed, through the re-establishment of the Implementation Steering Committee and an educational and support program.

## **Introduce “public benefit” as a framework to enable public policy that better serves communities**

Canada needs a public benefit designation for not-for-profit corporations. While charities and cooperatives have their own regulatory frameworks, nonprofit organizations that work for the public benefit are a class of organizations that go largely unrecognized, but have a profound impact on our communities and on safeguarding our democracy. We need our tax laws to reflect the “public benefit” versus “member serving” (mutual benefit) distinction so that in public policy these two categories of organizations can be treated differently.

### **Vision:**

Public benefit nonprofits are recognized in federal law as distinct from member-serving nonprofits. In organizations that are deemed “public benefit,” any surplus revenues are reinvested back into their missions and their assets are retained in the public domain permanently. Data collection on the size, scope and activities of the public benefit sector is regular and ongoing. Governments and the general public understand the role that public benefit nonprofits play in society.

### **Next steps:**

- Release a policy paper making the case for a public benefit distinction in law.
- Advocate for changes to the *Income Tax Act* and the Canada Revenue Agency’s interpretation of the Act to create a “public benefit” designation for nonprofit organizations with a public benefit mission and allow them to earn non-taxable revenues.

## **[Advocate on critical federal issues that affect Ontario nonprofits](#)**

ONN works closely with [Imagine Canada](#) and other partners to address the federal policy and regulatory environment for nonprofits and charities. Each year, ONN advocates on select federal issues that are of critical importance to the Ontario nonprofit

sector. This year, ONN will continue to work in partnership with Imagine Canada on two key issues: the [regulation of charities' political activities](#) and the three-year review of [Canada's Anti-Spam Legislation \(CASL\)](#).

**Vision:**

Ontario nonprofits are supported by federal and provincial policies and regulations that create an enabling environment for the sector. Nonprofits and charities are supported, not hindered, in their ability to participate in public policy debate (at all levels of government), to voice the concerns of Canadians, to earn revenues in support of their missions, and to sustain themselves in the service of their communities. Governments at all levels have policy frameworks in place that recognize that the ability of Canadian nonprofits and charities to participate in shaping public policy is vital for a healthy democracy.

**Next steps:**

- Advocate for an end to regulation of non-partisan policy advocacy by Canada's charities. Regulation of charities should focus on purposes and not activities.
- Advocate for an exemption from Canada's Anti-Spam Legislation (CASL) for Canada's nonprofits and charities. At minimum, seek a change to CASL such that volunteer board members are not personally liable in cases of private actions (lawsuits) under CASL.
- Participate with Imagine Canada in the CASL legislative review.

**[Encourage innovation through new governance approaches that enable nonprofit projects and initiatives to focus on community work - Shared platforms](#)**

Typically, if a community group wanted to begin a new program it would incorporate a new nonprofit or charity. This results in many small organizations overwhelmed by administrative and governance functions, diverting time and energy away from program development and service delivery. Shared platforms allow existing nonprofit and charitable organizations to adopt emerging programs and provide them with governance, financial management, and other supports. Funders are then freer to invest in these new programs with the assurance of sound oversight and governance.

**Vision:**

The shared platform model allows emergent projects to focus on their community work by eliminating the immediate need to incorporate and, for charitable projects, obtain a charitable registration. It is an efficient sharing of capacity, while nurturing emergent leadership and allowing innovative projects to achieve extraordinary impacts in communities across Canada.

**Next Steps:**

- Develop a policy research paper that would identify policy and regulatory changes that would enable and support the development and growth of shared platform approaches.
- Implement a government relations strategy to educate and seek implementation of these recommendations.
- Share and promote our [\*Shared Platform Guidebook\*](#).