

Meeting with Yasir Naqvi, MPP Ottawa Centre and Parliamentary Secretary to the Minister of Finance, Government of Ontario.

Background -- Working Together; Working Smarter: Concrete Actions for Public Service Reforms.

It is well understood that the Government of Ontario faces enormous fiscal pressures heading into its 2012 Budget (scheduled to be announced on March 27, 2012). These challenges have many root causes and are largely attributable to the legacy of the “Great Recession” and sluggish global economic recovery, especially for non-commodities driven jurisdictions.

In the face of these fiscal challenges, the government announced its commitment to balance the provincial budget within the next 5 years (by fiscal year 2017-18) and promised, in the November, 2011 **Speech from the Throne(SFT)**, to take a principled approach to meeting these challenges.

As part of the balancing effort, the government launched in Budget 2011, the **Commission on the Reform of Ontario’s Public Services** whose recently released (February 15, 2012) Report articulated 362 recommendations designed to eliminate the provincial budget deficit within government target dates. Many of the Commission’s recommendations aim to support the transformational delivery of public services in Ontario in order to become more efficient and effective.

The Commission’s Report provides a road map (according to the Premier) and context for a focused debate on the proposed reforms and potential impact on Ontarians, and indicates how the provincial government may respond to the Commission’s recommendations in the planned March 27th budget and beyond. As part of this debate, the Ontario Nonprofit Network (ONN) issued a Release (see attached) the day after the Commission made public its report, articulating the sector’s perspectives on the Commission’s work and the following 4 principles to guide the sector’s advice to government.

- Meaningful partnerships between the sector and the provincial government;
- Modernization of the government/sector investment relationship;
- No privatization of either public benefit programs and/or publically held assets; and
- “Do No Harm” to the most vulnerable and/or communities through a balanced fiscal strategy.

The principles above have helped shape a robust conversation within the sector on what concrete actions (see attached, Understanding the Drummond Report-Potential Implications for the

Nonprofit Sector) can be taken to advance sector/provincial government partnerships meaningfully, building on and even strengthening the existing **Partnership Project**.

To that end, members of the sector as drivers of community social and economic well being and innovative solution providers find the Commission's analysis on the contributions of the sector and recommendations 8-17 and 8-18 (pp 273, 274 attached), an important platform for early and potentially longer-term reforms of public benefit services and their deliveries. These changes are also consistent with the provincial government's public service reform principles in the SFT and subsequent "**Economic Outlook and Fiscal Review**" (November 2011), which suggested "an approach to find[ing] creative, efficient and effective ways to deliver public services." In addition, the Economic Outlook indicated these approaches would be "smarter and more strategic ways of delivering the best results to Ontario families."

ONN Recommendations for Budget 2012:

The aggressive public service reform agenda the government will likely be advancing in Budget 2012 can be given significant momentum through the following largely cost neutral, results-based ideas from the nonprofit sector. These recommendations will produce early and sustained value-added results within government, while potentially harnessing sector innovation and community-based solutions. Working together, and working smarter, the government and the nonprofit sector can take the big steps needed to provide Ontarians with world-class services while contributing to a balanced provincial budget.

Based on consultations within the sector ONN recommends the following actions be noted in Budget 2012:

1. Launch an Expert Task Force (senior government officials and sector leaders) with a Mandate to Modernize the Government/Sector Investment Relationship:

Within 3 months of announcing the budget, provide tangible and implementation-ready reforms (to a lead Minister) on current investment relationship building advice delineated in the Commission's Report that will produce better outcomes, less administrative burden, and risk aversion with improved accountability for results. It is estimated that implementing these reforms would produce internal government operating savings of between 5-10% and create generous savings in the sector that could be reinvested in improving productivity and performance;

Within 9 months of announcement, provide an additional report (to a lead Minister) on systematic reforms and potentially innovative actions that will advance the efficiency and effectiveness (value for money) of government/sector investments resulting in potentially additional internal savings to government and better outcomes from investments in public benefit services.

2. Develop an Innovations Lab in Partnership with the Sector to Support Risk Taking and Innovations Within Government:

As a means of developing and nurturing a culture of transformation within the Government of Ontario, we suggest that the government launch an Innovations Lab (modelled after MindLab in Denmark) which has been used successfully in other jurisdictions to create the conditions and means for finding solutions to tough problems through creativity and collaboration. The MindLab's experience in Denmark, for example, involves citizens and businesses working together with government to generate higher-quality, high-impact results with fewer costs.

An initial investment in labs would be modest and achievable through the reallocation of existing staff across Ministries, and the secondment of lab experts from outside government. This vehicle has the potential to help foster and sustain systemic cultural change within government, which is critical for a dynamic, reform-oriented public service environment.

3. Extend and increase access to Ontario Infrastructure and Lands Corporation's (OILC) Loan Program to all qualified non-profit organizations.

In June, 2011, the Government of Ontario launched the ambitious “**Building Together: Jobs and Prosperity for Ontarians**” strategy which noted the importance of expanding the Ontario Infrastructure's Loan Program to include more community nonprofit sector organizations who provide important public benefits to Ontarians.

Considering the provincial government's current and medium-term fiscal challenges, it is likely that the previously announced Building Together financial commitments might be scaled back in Budget 2012. However, continuing to expand access as noted in Building Together to include more segments in the core non-profit sector (e.g. arts and cultural organizations and social enterprise) that qualify for the loan program represents little financial risk and no significant threat to increasing the provincial debt.

It is proposed that Budget 2012 commit 2% of Building Together's financial envelope to the expansion of the Ontario Infrastructure's Loan Program to all qualified core, non-profit organizations will ensure badly needed physical infrastructure capacity is available to meet the increasing demands of Ontarians for community based public benefit services while creating thousands of temporary and permanent jobs across Ontario.

4. Expand and strengthen the Ontario Trillium Foundation's (OTF) Mandate to Provide Venture Capital and Seed Funding to Support Collaboration and Innovation in the Nonprofit Sector.

The OTF is recognized as a leader in change management and innovation across the sector and in the communities many nonprofit organizations serve. Given the profound fiscal challenges



facing the provincial government to achieve a balanced budget, efforts within the nonprofit sector to collaborate and test new approaches to deliver public benefit services will be required more than ever. The OTF's expanded investments in innovations requiring strategic partnerships by various sector groups may produce the necessary outcomes to bend cost curves while improving services.

Capital investments in areas like shared-enabling services and infrastructure are not normally available to most sector groups. However, enhancing and deepening OTF's mandate to act as a catalyst and smart-risk investor in these and other activities offers significant opportunities to the sector to save and reinvest in direct public benefit delivery. The government might wish to signal reallocated funds in the OTF envelope for this purpose.