

MAKING COMMUNITY BENEFITS A REALITY IN ONTARIO

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SUMMARY

Ontario has a tremendous opportunity to make progress on social and policy goals by improving its procurement policies. By requiring community benefits as part of certain government spending, it is possible to increase the impact of those dollars.

This opportunity can be seized or squandered depending on what policies are introduced. The experiences of the United States and the United Kingdom suggest that Ontario faces three key challenges: avoiding ineffective policies, meeting hiring targets, and providing sufficient support and capacity to implement community benefits. This briefing note identifies ways to address those challenges, along with priority actions for the government and stakeholders.

BACKGROUND

What are community benefits?

Community benefits are a way to increase the social impact of funds spent by the government or other institutions. By aligning spending with broader social and policy objectives, it's possible to create benefits for local communities — and in particular, for the communities that have been hit the hardest by economic troubles. They enable a more strategic approach to procurement, where it is linked to poverty reduction, economic development, affordable housing, and environmental sustainability goals.

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How do community benefits work?

The government regularly spends money on goods, services and infrastructure. Rather than treating those expenditures as one-dimensional spending — such as building a new transit line — a community benefits policy makes those dollars do double duty as a social investment.

In practice, that often involves creating new pathways into the workforce for people who need training and jobs. For example, along with building a rail corridor or stations, a contractor would also have to create economic or employment opportunities for targeted populations.

Community benefits can be secured in different ways:

- 1. Clauses can be embedded into contracts** when procuring goods or services that require the supplier to meet certain criteria (also known as social procurement).
- 2. Contractual agreements can be negotiated** with communities to create opportunities as part of a specific development or infrastructure project. This is commonly referred to as a community benefits agreement, or CBA.

Why focus on community benefits?

Momentum is building behind community benefits policies because they provide a constructive, solutions-oriented and equitable way to create prosperity.

CBAs and contract clauses also provide measurable results, which appeals to policy makers. The University of Glasgow reviewed 24 public contracts with community benefits clauses in Scotland, and found they had exceeded job opportunity targets. More than 6,700 individuals from priority communities received training as a result of the 24 contracts, and 1,000 individuals from priority communities were recruited for jobs.

Community benefits have become especially relevant in Ontario because of upcoming investments in infrastructure. The federal government plans to invest \$120 billion in infrastructure in the coming decade, and the province plans to

invest \$137 billion. The resulting projects are all possible candidates for community benefits clauses.

Who ensures that community benefits are provided?

The process of securing community benefits is collaborative. By necessity, developing these policies or agreements can involve the government, businesses, labour, advocacy coalitions and local residents.

However, the impetus can come from different sources. The United States and the United Kingdom provide two different models of how community benefits have become a reality:

The U.S. model is a bottom-up process. It is based on the classic American approach to community organizing: a coalition is created to advocate for community benefits. It builds grassroots support, puts pressure on decision makers, and then negotiates with them to secure an agreement that works for the community. Some of the best examples can be found in California, where major CBAs have been negotiated around developments in Oakland and Los Angeles.

The U.K. model is a top-down process. The initial impetus came from leaders inside government and foundations. Those leaders typically started by pushing for pilot projects in their jurisdictions, which proved successful and bolstered the case for large-scale action. Once the idea was seen as viable, it garnered support from policy experts and even political parties.

In Ontario, a hybrid of these two models is emerging. Municipal and provincial governments are providing more early and proactive policy leadership than in the U.S. That being said, they cannot and should not be expected to steer the entire process as in the U.K.

A hybrid approach is feasible because the ideal outcome for both models is policy change. They are working toward a system where community benefits are required by law as part of major government procurements. That can take the form of Scotland's procurement legislation, which requires community benefits for all government contracts over a certain value, or in the policy of public agencies, such as the San Francisco's Public Utilities Commission's requirement that all contracts worth more than \$5 million incorporate community benefits.

“Without support, there is a danger that governments will promulgate policies that sound laudable but lack the ability to make real change.”

PROGRESS AND OPPORTUNITIES IN ONTARIO

Ontario already has examples of community benefits on the ground, as well as legislation that enables the provision of benefits, which provide a strong foundation to build upon.

Legislation

At the provincial level, Ontario passed the Infrastructure for Jobs and Prosperity Act in 2015. The legislation commits to promoting community benefits through infrastructure, “such as local job creation and training opportunities... improvement of public space within the community, and any specific benefits identified by the community.” It does not, however, make community benefits clauses or agreements mandatory for infrastructure projects.

At the federal level, there is currently a private member’s bill under consideration (C-227) that would allow (but not require) the government to collect information on community benefits from contractors who bid on federal projects. The federal government has also had a Procurement Strategy for Aboriginal Business since 1996, which sets aside certain contracts for bids from Aboriginal businesses.

At the municipal level, the City of Toronto has adopted a Social Procurement Program and Social Procurement Policy. The city’s approach authorizes staff to consider supply chain diversity and workforce development in procurement decisions. It also explicitly aligns itself with Ontario’s new legislation, and broader public sector movement towards embedding community benefits in public sector procurement.

See the “additional resources” section at the end of this document for more information about existing policies across various jurisdictions.

Projects on the ground

Although it is still a nascent approach in Canada, there are already several examples of community benefits being incorporated into development and infrastructure projects. For more information, see the “additional resources” section at the end of this document.



2007:
Regent Park

Toronto Community Housing Corporation and the Daniels Corporation unveil a redevelopment plan that incorporates local employment targets



2014:
Eglinton Crosstown LRT

Metrolinx and the Toronto Community Benefits Network sign a framework to include local employment, training and procurement on the project



2009:
Vancouver Olympics

The Olympic Village for the 2010 games is built under a community benefits agreement



2015:
Pan Am Games

A program is piloted as part of the games to help local suppliers and social enterprises bid on contracts

CHALLENGES TO ADDRESS IN ONTARIO

To build on the progress made so far, stakeholders in Ontario will have to overcome several challenges. The experiences of other jurisdictions suggest that Ontario should focus on three key challenges, and find ways to address them proactively.

Challenge #1: Avoiding ineffective policies

If community benefits fall short of their potential, the single most likely reason is that governments will have adopted ineffective community benefits policies.

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Effective community benefits policies share four common traits:

- 1. Mandatory Language:** Policies that only require that community benefits to be “considered” seldom have an impact, versus those that require action.
- 2. Early Setting of Targets:** To ensure that expectations and costs are clear to all parties, targets should be defined early in the procurement process — before a contractor is chosen, rather than after bids have submitted.
- 3. Accountability Measures:** Once determined, targets for jobs and apprentices must be provided to project managers, and then monitored for compliance. Those who fail to comply should be subject to penalties.
- 4. Applicable Across Government:** To create substantive benefits on a consistent basis, all departments and major spending should incorporate community benefits in some form.

Ineffective and failed policies have been a reality in some jurisdictions. In the U.S., early efforts around community benefits did not meet their goals because they were based on voluntary clauses and vague requirements. This has led to a new best practice of setting a target percentage of hours that must be worked by “local” hires on a project. A target is also set specifically for disadvantaged workers.

In the U.K. we can see a spectrum of community benefits policies. At one end is Scotland, where the *Procurement Reform Act* sets out mandatory requirements and provides detailed guidance for how to meet them. At the other end is England with only an “aspirational” national policy, or the “requirement to consider” community benefits in contracts from some local governments. Northern Ireland and Wales fall somewhere between the two.

Unsurprisingly, there is a corresponding spectrum of outcomes and effectiveness. Scotland’s legislation has been praised because the mandatory requirements are expected to lead to tangible, positive outcomes. Northern Ireland and Wales have had positive initial experiences, and both jurisdictions are now drafting stronger

policies so that more contracts provide community benefits. England, meanwhile, does not have the equivalent national policy.

RECOMMENDATION: Community benefits policies should be mandatory and apply across government, with measurable targets and penalties for non-compliance.

Challenge #2: Meeting hiring targets

Community benefits policies need to create clear targets that are appropriately ambitious. However, for contractors and developers to meet those targets, a workforce development pathway is also needed. Without it, there is a real possibility that they will not be able to recruit the appropriate workers when projects get underway.

A new pathway is therefore crucial to connect two groups of stakeholders. Contractors and developers need access to a labour pool from which to recruit workers, but they lack the in-house capacity to target the communities that need opportunities the most. Similarly, the people in those communities — many of whom have fallen out of the labour force — need support and a point of access for these new opportunities.

In the U.S. and the U.K., this need is met by central agencies that help recruit, train and place workers. Sometimes a new agency is created as part of the process of securing community benefits. In the U.K., on the other hand, this function is often filled by existing local employment agencies that receive government support. Under either approach, unions need to be involved in the creation of the workforce development pathway, particularly with respect to training and apprenticeships.

RECOMMENDATION: Create a construction workforce development pathway to train and support jobseekers, and then connect them to employers who have community benefits targets to meet.

Challenge #3: Providing sufficient support and capacity

Making community benefits a reality is a multi-year process, regardless of what approach is used. Coalitions must be formed, pilots must be evaluated, policies must be enacted and bids must be solicited. There is a possibility that key stakeholders will fall to the wayside during this process, especially when there is turnover within organizations that affects their expertise and priorities.

On the community side, there is a need for stable, well-resourced coalitions. These coalitions need to advocate and campaign for community benefits over an extended period of time: in Oakland, for example, the process of securing and negotiating a CBA took five years. Time and resources are needed to nurture relationships and build trust within the coalition, while also crafting the tactics and policy ideas needed to influence decision makers. These coalitions should obviously be responsive to the interests of local residents seeking employment, but also to local businesses that could be part of more diverse supply chains.

On the government side, there is a need for internal champions who receive external support. Whether it's the U.S. model or the U.K. model, community benefits policies always rely on "champions" inside government. The prerequisites for action on community benefits are external political pressure and political will. However, implementation requires more than just that. There's a need for someone inside the bureaucracy who is connected to that political support, but can navigate the internal processes of government. Those internal champions, in turn, need help to understand how best to revise and shape procurement policies, and how to monitor and enforce community benefits commitments.

RECOMMENDATION: Create and fund community benefits coalitions over multiple years, along with expertise hubs or knowledge networks to support them and their allies in government.

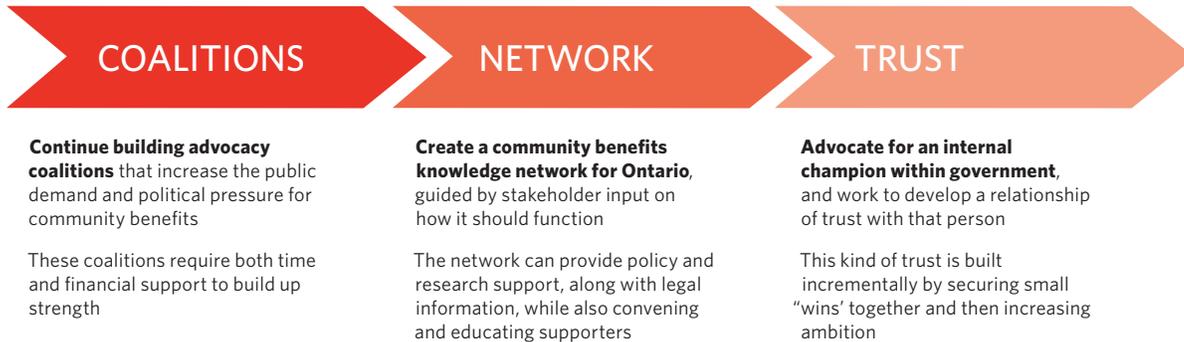
THE PATH FORWARD

There is much work to be done in order to make community benefits a reality in Ontario. Based on the opportunities and challenges outlined above, we can identify the actions that should take priority, in order to create a foundation that enables further progress.

From a government perspective, the following are immediate priorities:



From a community and coalition perspective, the following are immediate priorities:



ADDITIONAL RESOURCES

Community Benefits in Practice and in Policy: Lessons from the U.S. and the U.K. describes both the American and British models for delivering community benefits, based on primary research and interviews with key players in those jurisdictions.

Anchor Institutions explains how place-based organizations and institutions, such as hospitals or universities, can use their economic power to strengthen a local community.

Community Benefits and Social Procurement Policies: A Jurisdictional Review provides a survey of the legal and policy frameworks used to deliver community benefits in Canada, the U.S., the U.K., the European Union, Australia and New Zealand.

Community Benefits Agreements focuses on negotiated CBAs, looking at how they emerged in the U.S. and extrapolating those insights to Ontario.

ACKNOWLEDGEMENTS

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ATKINSON FOUNDATION

The Atkinson Foundation promotes social and economic justice by investing in people who are making Ontario more equitable, inclusive and prosperous.

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