Written Submission for the Ontario Pre-Budget Consultations

By: Community Benefits Ontario

Organizations:

Buy Social Canada

CP Planning

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Niagara Community Benefits Network

Ontario Nonprofit Network

Ottawa Community Benefits Network

Prince Edward County Community Benefits Network

Toronto Community Benefits Network

2024 Ontario Pre-Budget Submission

Maximizing the value and impact of public investments with Community Benefits Agreements

Introduction

The traditional approach of building infrastructure without taking additional social, environmental, and cultural impacts into consideration is not viable. Given the complex issues our province faces, a more efficient use of public spending to simultaneously achieve multiple policy goals is required.

The 2023 Ontario budget announced $184.4 billion infrastructure expenditure over the next ten years, including $20.6 billion spending in the immediate 2023/2024 fiscal year, and construction of 1.5 million homes by 2031. The province will also need an estimated 72,000 additional construction workers by 2027 to help deliver its ambitious capital plan. At the same time, many industries, including construction, are facing ongoing recruitment and retention challenges. This presents a unique opportunity to maximize the returns on public infrastructure investment to achieve additional social, economic, and environmental goals.

Community Benefits Agreements (CBAs), when strategically embedded in public infrastructure programs, can do just that. CBAs create targeted employment, training, and apprenticeship opportunities, set new procurement pathways for local and diverse small businesses, social enterprises and suppliers, and improve neighbourhood amenities. They also help generate public support for economic development projects. When designed and implemented well, CBAs can be mutually beneficial for developers, small businesses, local communities, workers, and government.

Recommendation: Make government activities deliver twice as much for communities by implementing strategies for community benefit agreements. Develop an Ontario Community Benefits Policy in consultation with local community benefits networks across Ontario. Moving forward, embed Community Benefits Agreements in all public infrastructure projects to create inclusive and equitable economic development.

Maximizing the value and impact of public investments through community benefits

Community Benefits Agreements are project-specific legal agreements or contractual requirements of construction, infrastructure, and/or development projects negotiated between communities and public or private developers.

They are a cost-effective mechanism to leverage existing infrastructure investment to produce additional socio-economic impacts. Identified outcomes generally fall into five areas:

1. Good jobs and targeted employment opportunities for equity-deserving groups and/or the local community in which the development is taking place.
2. Training and apprenticeships for equity-deserving groups and other local community members in which the development is taking place.
3. Support of local businesses and social value suppliers by purchasing from them or including them as subcontractors during the construction process, and into the operations phase.
4. Community infrastructure such as affordable housing, child care, and recreational facilities.
5. Environmental improvements such as new green spaces.

For example, CBAs can also facilitate progress in responding to the Truth and Reconciliation Commission of Canada's Call to Action #92 to "ensure that Aboriginal peoples have equitable

access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects".

There is considerable documentation of the positive impact generated by successful applications of Community Benefits Agreements in infrastructure and development projects, both locally, nationally and internationally, and overall, major employers in the construction sector have reported higher retention rates with employees hired through CBA hiring programs. In Toronto, the expansion of the Rexdale-Casino Woodbine has a formal CBA signed with the city, with hard targets such as a $5 million commitment from the casino to build a child care center that will benefit its employees and local residents having, ensuring 40% of new hires come from the local community and equity-deserving groups from across the city, and having a minimum 10% of annual operational procurement through local suppliers or diverse suppliers, in order to support local businesses. As a result of the CBA, by the end of 2022, the project had hired 1,982 new employees, with 48% being social and local hires, and $9.9 million was spent across 27 local suppliers. A potential location for the child care center has also been identified, and is currently undergoing a feasibility study. Similarly, in Vancouver, the construction of the new St. Paul's Hospital has a Community Benefits Agreement embedded in the project, resulting in 19% of the project's new hires being local and from an equity-deserving group, and 30% of project spending ($134,694,292.57) going to local procurement, boosting local economies.

The missing piece: an enabling policy environment in Ontario for CBAs

Despite proven successes where Community Benefits Agreements have achieved additional economic and social goals when embedded in infrastructure projects, the current ad-hoc approach limits the ability of CBAs to be applied more broadly, and thus be more effective and implemented with adequate accountability. With the current ad hoc approach, communities have to advocate and negotiate for CBAs on an individual project basis, if there is capacity to do so

through a local network. In addition, developers often look to the government for guidance, requirements, and targets for CBAs while communities could also use more guidance and support from the government during the negotiation processes.

In order for Community Benefits Agreements to be successfully designed and implemented in public infrastructure projects at the provincial level, there are certain conditions that must be met:

1. Policy that includes language, mandating early setting of targets to ensure expectations and costs are clear to all parties involved, and accountability measures.
2. Effective leadership to drive processes inside and outside of government, including well-resourced community groups responsive to the interests of local residents, and champions inside the government.
3. Robust monitoring, accountability, and evaluation mechanisms.

The missing piece is strong leadership from the provincial government through a policy framework. A provincial Community Benefits Policy would ensure CBAs are coordinated, strategic, enforceable, and embedded in all publicly-funded infrastructure projects. At the very minimum a policy could ensure CBAs are considered in every publicly-funded infrastructure project. The Ontario government has a responsibility to ensure infrastructure projects are done in a way that benefits both current and future generations, keeps jobs in Ontario, trains the next generation of skilled trades workers, and benefits local businesses, organizations, and communities.

Detailed Recommendations

Make government activities deliver twice as much for communities by implementing strategies for community benefit agreements:

Develop an Ontario Community Benefits Policy in consultation with local community benefits networks across Ontario. Moving forward, embed Community Benefits Agreements in all public infrastructure projects to create inclusive and equitable economic development.

The policy can include:

- Appointment of a coordination role within government (such as the Ministry of Infrastructure) to bring together ministries whose policy objectives (such as poverty reduction, environment, economic development, health) require action across a broad range of portfolios.
- A province-wide community benefits framework for all public infrastructure projects that is legally binding and transparent, with minimum hard targets that are measurable through agreed-upon tracking, monitoring, and evaluation processes. Under the Community benefits framework, development and operations permits should be tied to the developer's best efforts to comply with the CBA Policy.
- Provide support, including funding, to build and sustain community benefits coalitions and networks who play an important role in the successful implementation of Community Benefits Agreements.

Conclusion

Carefully negotiated and well-deployed Community Benefits Agreements generate a stream of social and economic benefits through employment, trades training and apprenticeships, supply chain purchasing, and local economic development. Integrated into and core to their purpose is achieving these outcomes with a lens of social inclusion, diversity, and equity. While CBAs are

already being used in Ontario, an Ontario Community Benefits Policy is the missing piece to leverage opportunities across infrastructure projects.

About Community Benefits Ontario

Community Benefits Ontario (CBO) is a provincial network focused on community benefits policy and implementation in Ontario. CBO members work to promote community benefit agreements in communities across Ontario.

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