

## Future of the WACC Office

### Background

In the process of drawing up budgets for 2020 and 2021, staff looked again at the cost of maintaining the current office space in Toronto and explored alternative models and their cost implications.

When the General Secretariat moved from London, UK, to Toronto, Canada, one of the considerations was that it would be less costly overall; another was that the political environment was conducive to WACC's mandate.

With regard to the costs, at first this seemed to be the case. However, in the longer term it was noted that, had WACC bought a premises outright in 2006, it would not now be facing annual rental charges – although other costs would have remained comparative.

With regard to the political situation, under the Harper government, not-for-profits that were suspected of having a political agenda were subject to government and Canada Revenue Agency scrutiny. Fortunately, as far as we know, WACC did not attract attention. The subsequent government has shown itself to be more liberal-minded. In any case, being based in Canada, WACC did not have to face the political strictures imposed in other countries.

Over the years, there has been some discussion around the notion that WACC might have received a “better deal” had it applied to register as an international non-governmental organization in Ottawa, with possible tax breaks and other incentives. As that did not happen, it is difficult to comment even with hindsight.

Over the past two years, staff have worked to reduce operational overheads to a minimum, with what might almost be called a skeleton staff compared to the London days and the current burden of work. To offset the ongoing cost of renting the current office, staff have tried to sub-let the ground floor – at the time of writing without success. One drawback is that we are obliged to find a not-for-profit to occupy the space. Obviously, if we were able cover 100% of our own rent in that way, or even 50%, that would help the financial situation.

Nevertheless, the fact remains that core budget cost has to be met from designated funding. At the moment, in that respect WACC is almost entirely dependent on Bread for the World and reserve funds to meet its core budget costs.

### Considerations for the future

WACC must either leave its current premises by the end of August 2020, or negotiate a new agreement on whatever terms it can. Under the terms of the Lease Extension, we have been obliged to give notice that we wish to negotiate a Renewal, although our options are still open. The alternative is to find a different model of working such as the options below.

1. Renting a smaller office (rent comes down from \$100,800 per year to \$42,000, but we have to furnish and setup; 3 year lease likely)
2. Renting flexible office space as required (rent comes down from \$100,800 per year to \$36,000; 2 year commitment, fully furnished and comes with phones)
3. No fixed office but staff working remotely (rent comes down from \$100,800 per year to \$0.00; new costs neutralized by other savings).

There are of course additional considerations in each of the options – cost of moving, storage of archive and materials, support for home workers and additional travel to ensure good working relationships. Any move will also entail a significant amount of staff time, away from other administrative or programmatic priorities.

As staff already have decentralized to some extent, it may also be worth exploring this as a strategic option, with a small central office.

**Recommended Action**

That the Board request the General Secretary to investigate the various options together with both their financial, institutional and staffing implications and report in the first instance to the Officers before the end of November 2019.