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20 May 2020

Honourable Brian Pallister, Premier
204 Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Honourable Ron Schuler, Minister of Infrastructure
450 Broadway
Winnipeg, MB R3C 0V8

Re: \$500 million infrastructure spending

Dear Premier Pallister and Minister Schuler,

Thank you for your dedication to the health and well-being of Manitobans throughout the COVID-19 crisis, and we know you are incredibly busy.

We were encouraged to see the May 7th announcement of \$500 million for shovel-worthy infrastructure projects in Manitoba. We believe that this investment has the potential for great economic and social stimulus throughout our province.

We are writing to encourage the use of procurement policy tools such as community benefits clauses on this infrastructure stimulus spending to ensure that at least a portion supports environmental, social, and economic resiliency for people and communities most impacted by COVID-19. As well, these policy tools would contribute to long-standing policy goals of the Government of Manitoba. Social enterprises in Manitoba are particularly accomplished in completing a procurement need while fulfilling a community, economic, and social benefit.

The COVID-19 Economic Reality

We know that this public health crisis has hit Manitoba's local and community economies hard. The pandemic has led to an unemployment rate of about 11.4% in April 2020. According to Statistics Canada data, job losses have most significantly impacted the retail and hospitality industries. Younger Manitobans accounted for the most job losses, and women were harder hit than men. Roughly 56% of Manitobans who lost their jobs from February to April were women.

The unemployment rate does not account for many Manitobans who have left the labour force altogether, including because their industries are not operating or due to childcare needs. The unemployment rate also does not include those Manitobans who were not actively searching for work prior to the COVID-19 pandemic. These Manitobans may be facing a number of systemic challenges that will be exacerbated by the COVID-19 pandemic, potentially putting meaningful employment even further out of reach.

Indigenous communities, already dealing with a legacy of systemic issues, have also been hard hit economically and socially by the COVID-19 pandemic. Job losses for Indigenous peoples will be detrimental given the pre-existing challenges with economic inclusion of Indigenous people in Manitoba.

Community Benefits to support COVID-19 Economic Recovery

Community benefits clauses and social procurement policies can help ensure that Manitoba's infrastructure stimulus spending gets the most bang for its buck while being sensitive to these realities.

We are enthused by the potential for this infrastructure stimulus spending to support employment for groups most affected by the COVID-19 pandemic, such as women, low wage workers, young people, Indigenous peoples, and others. This would be an effective and efficient

policy decision to respond to the economic and social impact of COVID-19. Importantly, since construction spending has been historically male dominated and Manitoba job losses have been experienced at a higher rate for women, there ought to be a plan so infrastructure stimulus spending supports women employed in the trades.

Community Benefits - Getting More for Less

Community benefits clauses on provincial infrastructure spending could also help achieve long standing policy goals. Government can support multiple economic, social, and environmental goals while investing in infrastructure - therefore getting more for less. Community benefits can include contributing to reconciliation, poverty reduction and family reunification through workforce development, and individual, community, or local economic resiliency. Infrastructure spending could also support greenhouse gas reductions to support climate targets with a commitment to energy efficiency, net zero, or passive design.

The goals of social procurement can be achieved through utilizing social enterprise, a business type that includes social or environmental objectives in addition to profit. Social enterprises strategically use a business model that blends and values both social and financial impact, reinvesting surplus revenue into the mission of the business focused on community economic, social, and environmental goals. Spending done in this way also results in cost-savings elsewhere, such as reduced health care costs and fewer interactions with the justice system. As a result, the efficiency of procurements made from social enterprises increases.

As an example of the use of social enterprise in infrastructure spending, the Province of Manitoba has been supporting up to 200 jobs for Manitobans facing barriers to employment through Manitoba Housing's social procurement, and there is opportunity to scale this practice. Workforce integration social enterprises have undertaken Manitoba Housing procurement work, while also contributing to environmental benefits like building or energy retrofits. For this example and many more, Manitoba social enterprises and industry partners have a strong history of working collaboratively, simultaneously growing the labour force while contributing to the good of the community.

We understand that prior to the COVID-19 pandemic, multiple provincial departments were engaged in centralizing procurement services under Central Services through the Procurement Modernization Strategy. This is a great opportunity to scale up Manitoba's leadership in using procurement to generate positive impacts in our communities through this recently announced infrastructure spending.

Recommendations

Once again, we are excited about the prospect of economic stimulus from Manitoba's recently announced \$500 million in infrastructure spending. We believe this spending will be especially impactful when focused on supporting economic recovery and employment for groups most impacted by COVID-19, in addition to fulfilling pre-existing social, economic, and environmental goals of the provincial government.

We suggest the following recommendations to achieve this focus:

1. **Stabilize and increase workforce training funding for organizations who target low-income communities/individuals with barriers to meaningful employment.**
2. **Enhance government infrastructure spending by intentionally generating economic, social, and environmental outcomes by:**
 - **Requiring Community Benefits Clauses on infrastructure projects to support equitable economic, social, and environmental outcomes**
 - **Use set-asides in purchasing for access by social enterprises, cooperatives, and/or non-profits to contribute to social and economic public policy goals.**

Thank you for considering these ideas at this very challenging time. We would welcome an opportunity to meet with you to discuss how to work collaboratively to achieve these objectives.

Sincerely,

Darcy Penner
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Building Manitoba*

Cc:

Honourable Ralph Eichler, Minister of Economic Development and Training
Honourable Heather Stefanson, Minister of Families
Honourable Eileen Clarke, Minister of Indigenous and Northern Relations
Honourable Cathy Cox, Minister responsible for Status of Women
Honourable Rochelle Squires, Minister of Municipal Relations
Honourable Reg Helwer, Minister of Central Services