



*Strengthening Canada's **Communities**
Des communautés plus fortes au Canada*

Pre-Budget Submission to the Honourable Jennifer Howard, M.L.A.
Minister of Finance
Province of Manitoba

By the Canadian Community Economic Development Network - Manitoba

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Background

This brief has been prepared by the Canadian CED Network – Manitoba for The Honourable Jennifer Howard, Minister of Finance for the Province of Manitoba. The information contained in this brief responds to the Minister’s invitation to help the Province of Manitoba prepare Budget 2014.

The Canadian CED Network - Manitoba promotes community economic development (CED) as a comprehensive and integrated approach to improving economic, social, and environmental conditions in communities. This approach understands that solutions to complex community challenges will be most successful and sustainable when they are community-led.

Across Manitoba, CED initiatives foster economic revitalization, access to capital, local ownership of resources, labour market development, poverty reduction, social development, and environmental stewardship. Despite the proven impact of the CED approach, communities (urban, rural, northern, newcomer, Aboriginal, etc.) continue to lack the level of support they need from all levels of government to take innovative, sustained, and strategic action through a comprehensive approach. We believe the Province of Manitoba must take an active role in providing that support.

The Province of Manitoba has implemented a cross-governmental CED policy framework with an accompanying lens. The application of this lens includes incorporating the following CED principles into all government policies and programs:

- use of locally produced goods and services;
- production of goods and services for local use;
- local re-investment of profits;
- long-term employment of local residents;
- local skill development;
- local decision-making;
- public health;
- physical environment;
- neighbourhood stability;
- human dignity; and
- interdepartmental and intergovernmental collaboration.

Strengthening the awareness, understanding, and implementation of the CED Policy Framework across all government departments at the Province will ensure the complex challenges facing our communities are addressed with a holistic and flexible approach.

More than one hundred members are represented by the Canadian CED Network - Manitoba including the Aboriginal Council of Winnipeg, Food Matters Manitoba, Manitoba Co-operative Association, Health in Common, Neighbourhood Renewal Corporations throughout the province, CCPA-Manitoba, Assiniboine Credit Union, SEED Winnipeg, and other social enterprise and CED organizations. Our members represent hundreds of community organizations that are working with thousands of community members across the Province. The Canadian CED Network – MB is also an active participant in many coalitions and working groups including Make Poverty History Manitoba, Right to Housing Coalition, Rural Team Manitoba, the Manitoba Co-op Vision Strategy, and the Social Enterprise Council of Canada.

Summary of Recommendations

Jobs

- Ensure the creation, renovation, maintenance, and energy and water efficiency improvements for affordable housing incorporates employment development strategies that target low-income people, such as contracting social enterprises to do the work.
- Implement a procurement strategy that takes into account the added economic, social and environmental value of purchasing through the weighted inclusion of Community Benefit Clauses in contracts and purchases.
- Ensure adequate training resources are invested into social enterprises that create jobs for people with barriers to employment.
- Allocate the required resources to co-create and co-produce a Manitoba Social Enterprise Strategy where the mission is job creation and training for people with barriers to employment.
- Mandate departments and agencies (academic institutions, school boards, and health and social service providers) to participate in the Local Sustainable Food Procurement Program and develop a long-term framework to build on this pilot towards local, sustainable procurement by provincial institutions with targets and timelines for incremental implementation.

Housing

- Invest in financing and capacity-building measures that support the creation and maintenance of housing co-operative units in Manitoba.
- Continue to increase the availability of social and affordable housing by maintaining current housing stock, as well committing to increase the Province of Manitoba's current commitment to establish an additional 500 affordable housing units and 500 social housing units from 2014 – 2017.
- Establish an "Affordable Housing First" land use policy for all Provincial surplus land disposal and ensure non-profit and co-operative housing providers are prioritized for receiving surplus land for the purpose of creating affordable housing, and that social enterprise be prioritized to do the work.

Co-operative Development

- Allocate the required resources to co-create and co-produce a second 5-year Co-op Visioning Strategy in full partnership with the co-op sector.
- Increase the investment incentive by raising the CED Tax Credit from 30% to 35% and by creating incentives for investment term renewals after 5 and 10 years.
- Build and support a central resource housed in the co-operative community to champion the CED Tax Credit, through public promotion, applicant support and network capacity building.

Poverty Reduction

- A. Invest in increasing the Rental Allowance for people on Employment and Income Assistance to 75% of median market rent.
- B. Investing in the amount of money that individuals can earn on EIA before being deducted at 70%.
- C. Invest in providing a Living Wage for all Province of Manitoba employees and contractors.

Community-Led Development

- Invest in the expansion of multi-year, multi-program funding provided through the Province's four-point strategy to cut red tape, and ensure that annual funding increases reflect the incremental inflationary costs of program delivery for all current and future participants of this program.

Child Care

- Establish a Commission on Integrated Early Learning and Child Care for Manitoba with the mandate and resources to develop and propose a multi-year plan for ELCC.
- Create enough new licensed early learning and child care spaces to meet the demand for child care services determined by the Online Child Care Registry, with priority given to creating child care spaces in lower-income neighbourhoods including in rural and Northern communities.
- Invest in resources and training supports to recruit, train and retain individuals from the Aboriginal, Francophone and Visible Minority communities (to the childcare profession).

These recommendations have been endorsed by the members of the Canadian CED Network – MB.

Recommendations

1. Jobs

- A. Ensure the creation, renovation, maintenance, and energy and water efficiency improvements for affordable housing incorporates employment development strategies that target low-income people, such as contracting social enterprises to do the work.**
- B. Implement a procurement strategy that takes into account the added economic, social and environmental value of purchasing through the weighted inclusion of Community Benefit Clauses in contracts and purchases.**
- C. Ensure adequate training resources are invested into social enterprises that create jobs for people with barriers to employment.**

Construction, maintenance, and energy efficiency retrofits provide the most immediately available, attainable and cost effective job investment opportunities for employment development. Job creation with the necessary supports and training programs, particularly when focused on creating opportunities for marginalized populations such as the rapidly growing young population within the Aboriginal community, helps to stabilize communities and raise people out of poverty. Furthermore, generating local employment can keep money circulating in the local economy, thus improving social and economic conditions for all.

The Province of Manitoba purchases significant amounts of goods and services, while social enterprises and co-operatives use a business model to create community benefit: creating jobs, reducing poverty, providing community services, renewing communities, and building a fairer, stronger, and more sustainable local economy.

Community Benefit Clauses mandate all public procurement to include social, economic, and community outcomes in their criteria. Shifting purchases and contracts to social enterprises and co-operatives will result in greater return on investment to government and society, and will result in more jobs for people with barriers to employment.

The Province of Manitoba has committed to sustainable procurement in the Sustainable Development Act, committed to purchasing from Aboriginal businesses through the Aboriginal Procurement Initiative, created the Community Economic Development Policy Framework and Lens, and committed to poverty reduction through the *Poverty Reduction Strategy Act*. Enacting these procurement policies will help the Province of Manitoba accomplish these goals.

D. Allocate the required resources to co-create and co-produce a Manitoba Social Enterprise Strategy where the mission is job creation and training for people with barriers to employment.

Social enterprises use a business model that creates training opportunities, jobs and important community services, builds fairer and stronger local economies, reduces poverty and renews communities, and creates more sustainable environments. By investing in the social enterprise sector, the Province of Manitoba can scale up these social, economic, and environmental outcomes while reducing costs in other areas such as social assistance and crime.

While providing some policy and funding supports for social enterprises, the Province of Manitoba has not created a comprehensive, long-term strategy to grow and strengthen the social enterprise sector in Manitoba. The time is right to take a more intentional, strategic approach to social enterprise development and realize the potential benefits for individuals, their families, our communities, and our economy at a greater scale.

E. Mandate departments and agencies (academic institutions, school boards, and health and social service providers) to participate in the Local Sustainable Food Procurement Program and develop a long-term framework to build on this pilot towards local, sustainable procurement by provincial institutions with targets and timelines for incremental implementation.

Manitoba municipalities and the Province of Manitoba, including all related agencies and institutions, purchase significant amounts of food for their institutions and food services. Food is connected to health, the environment, the economy and community. Therefore, the purchase of this food can be used to enhance the local economy and environmental sustainability.

The Province of Manitoba has committed to a two-year pilot project for voluntary institutional purchasers to track and increase their purchasing of local and sustainable food products in partnership with Food Matters Manitoba. As a voluntary commitment, this program is being limited from achieving its full potential for job creation in Manitoba.

The Province of Manitoba has committed to sustainable procurement in the Sustainable Development Act, committed to healthy communities through the creation of the Department of Healthy Living, and to the well being of rural communities and our local agricultural producers through the creation of the Department of Manitoba Agriculture, Food, and Rural Development. Implementing these recommendations will help the Province of Manitoba achieve these goals.

2. Housing

A. Invest in financing and capacity-building measures that support the creation and maintenance of housing co-operative units in Manitoba.

Manitoba is experiencing an affordable housing crisis. Winnipeg, Brandon, Thompson, and Portage all have vacancy rates that hover around 1%. Up to one third of Manitobans who rent are spending more than one third of their income on rent, and/or are living in inadequate or overcrowded homes. This puts them at significant risk of losing their housing, their health and their spirit. The demand for more affordable housing is evidenced by the ever increasing waiting list to become residents in existing housing co-operatives.

Non-profit housing co-operatives are mixed-income communities offering safe, secure and affordable housing to their members at rates based on cost, not profit. They are member-led and governed, and they build members' capacity through their involvement in co-op governance.

Housing co-operatives need access to capital through innovative mechanisms to finance major repairs, renovations and expansion so they can continue to provide safe and affordable homes to low and moderate income Manitobans. For example, housing co-ops need help to preserve the affordability of existing homes for low-income households when operating agreements end by creating a new rent supplement program. The sector also requires sufficient resources toward capacity-building supports that strengthen existing housing co-operatives, and facilitate the expansion and creation of new housing co-operatives.

The Province of Manitoba has shown leadership and commitment to co-operative development through the Co-operative Visioning Strategy. Furthermore, it has created the Poverty Reduction Strategy Act to strengthen ALL Aboard: Manitoba's Poverty Reduction and Social Inclusion Strategy, the latter of which includes a commitment to create new social and affordable housing units across Manitoba. Implementation of this recommendation will help the Province meet these commitments.

B. Continue to increase the availability of social and affordable housing by maintaining current housing stock, as well as increasing the Province of Manitoba's current commitment to establish an additional 500 affordable housing units and 500 social housing units from 2014 – 2017.

C. Establish an "Affordable Housing First" land use policy for all Provincial surplus land disposal and ensure non-profit and co-operative housing providers are prioritized for receiving surplus land for the purpose of creating affordable housing, and that social enterprise be prioritized to do the work.

Our existing social and affordable rental housing stock is aging and is not being replaced. At the same time, affordable rental stock is being eroded through conversion to condominiums. These factors have escalated rents to make them unaffordable to a growing number of people, especially the most vulnerable (fixed income, disabled, newcomers, seniors, and Aboriginal people).

As housing costs increase, people are forced to spend food money on rent, making food banks sad necessities for survival. Manitobans who depend on Employment and Income Assistance are most vulnerable because rental allowances have fallen far behind rental market rates. Affordable housing is a key piece of neighbourhood renewal and a necessary foundation for neighbourhood and family stabilization. When housing needs are met, children do not need to move from school to school, parents have reduced stress and the means to provide the necessities for their families (food, winter clothing, transport, school supplies etc.).

The development of affordable and social housing makes economic sense in two ways. First it can be used to create local employment. These jobs, including the training for these jobs, should be linked to low-income Manitobans, including social housing tenants, who need these jobs most. In this way, the creation and maintenance of Manitoba's social and affordable housing can help to provide a pathway out of poverty. Second, providing housing is cost effective when compared to the cost of dealing with the issues created by a housing shortage, such as homelessness. It costs on average \$48,000 a year to leave someone on the street versus \$28,000 a year to house them. Long-term social housing is one of the most cost-effective ways to house someone.

The Province of Manitoba has created the Poverty Reduction Strategy Act to strengthen ALL Aboard: Manitoba's Poverty Reduction and Social Inclusion Strategy, the latter of which includes a commitment to create new social and affordable housing units across Manitoba. Implementation of these recommendations will help the Province meet this commitment.

3. Co-operative Development

A. Allocate the required resources to co-create and co-produce a second five-year Co-op Visioning Strategy in full partnership with the co-op sector.

There are more than 375 co-operatives, credit unions, and caisses populaires in Manitoba, comprising of over 900,000 memberships and more than \$22 billion in assets. Co-operatives are a more sustainable business model given their collective ownership and community commitment; 62 percent of new co-ops are still operating after five years, compared with 35 percent for other new businesses. After 10 years, the figures are 44 percent and 20 percent respectively.

Co-operatives create economic democracy, root ownership locally, distribute profits equitably, and often create jobs and services in communities where they are otherwise lacking.

A comprehensive strategy for strengthening and growing co-operatives in Manitoba is required to ensure that the desired results for our economy and our communities are achieved. This strategic action plan for co-op development is most effectively achieved through the sufficiently resourced co-production of the vision, policy, and action plans.

The Province of Manitoba, in partnership with the co-operative sector, has co-constructed and co-produced good policy, public education, and co-op development results from a successful five year Co-op Visioning Strategy that is set to expire. Allocating the resources to co-create and co-produce a second

five-year Co-op Visioning Strategy in full partnership with the co-op sector will ensure the sector continues to grow and strengthen, resulting in great benefits for Manitoba communities.

B. Increase the investment incentive by raising the CED Tax Credit from 30% to 35% and by creating incentives for investment term renewals after 5 and 10 years.

C. Build and support a central resource housed in the co-operative community to champion the CED Tax Credit, through public promotion, applicant support and network capacity building.

Various financing models catered to local contexts that include the mobilization of individuals as investors and the provision of equity investments with financial incentives are succeeding across Canada, and a recent report by CCEDNet - Manitoba analyzes the need and potential for a Manitoba-specific model.

The Province of Manitoba has created the CED Tax Credit that has been successfully used to create approximately a dozen community-owned businesses around Manitoba, investing approximately \$2.25 million in community enterprises.

There is insufficient support for community groups to apply for the Manitoba CED Tax Credit and insufficient education and promotion of the CED Tax Credit such that most co-op, community, and economic developers in Manitoba are unaware of its existence and potential.

Along with these recommendations, The Province of Manitoba can encourage the use of the CED Tax Credit and thereby support the local economy by creating and implementing marketing tools in consultation with industry stakeholders to ensure community enterprises know the steps required to effectively apply for CED Tax Credit status as well as to sell shares.

Furthermore, the Province should implement commitments made in 2012 to streamline and simplify the application process for CED Tax Credit status, removing unnecessary administrative challenges and ensuring the responsible office is positioned in an appropriate government department with sufficient capacity and expertise.

4. Poverty Reduction

A. Invest in increasing the Rental Allowance for people on Employment and Income Assistance to 75% of median market rent.

B. Investing in the amount of money that individuals can earn on EIA before being deducted at 70%.

In August of 2013, the Provincial government increased the RentAid provisions, increasing the benefits and widening the eligibility for thousands of low-income families, seniors, persons with disabilities, and single persons living on Employment Income Assistance. While a step in the right direction, persons

livings on Employment and Income Assistance are still facing an income gap, forcing people to use food banks in record numbers, and live in over-crowded and substandard housing.

Increasing the EIA rental allowance to 75% of median market rent will restore the 1992 market rent/rental allowance relationship. This will not close the gap for EIA recipients, but it will give them a more fair opportunity to compete for market rental housing. The Province will also need to index rates to inflation to ensure that rates do not fall behind the future.

Further, EIA recipient's transition into the work force can be supported by increasing the monthly earning-allowance before deductions at 70% kick in.

These recommendations are supported by the Poverty reduction Strategy Act that commits the Province of Manitoba to implement a long-term strategy to reduce poverty and increase social inclusion by addressing various needs, including the need for income supports for person who are unable to fully participate in the labour market.

C. Invest in providing a Living Wage to all Province of Manitoba employees and contractors.

Minimum-wage workers are not just teenagers working at fast-food restaurants after school. According to the Manitoba Federation of Labour, 55 per cent of minimum wage earners in Manitoba are adults twenty years and older; 51 per cent of minimum-wage earners work for companies with 100 workers or more and 42 per cent work for companies with 500 or more employees. With approximately 38,600 Manitobans earning minimum wage (\$10.45/hour) and fully 73,700 Manitobans making only 10% more, it must be accepted that minimum wage is inadequate for meeting basic needs, and the Province should take a lead on providing fair pay. Nobody working full time should still be subjected to living in poverty, particularly someone working for the public service.

A living wage is the amount needed for a household to meet its basic needs, taking into account government transfers and deductions, and sets a higher test for quality of life than the minimum wage by reflecting what earners in a family really need to earn based on the actual costs of living.

Research has shown that paying a living wage has concrete benefits for employers, in this case primarily the Provincial Government. These include reduced absenteeism, increased skill, morale and productivity levels, improved customer satisfaction, and enhanced employer reputations.

The Province of Manitoba has a significant connection with a large number of workers in Manitoba. However not all government employees, either those directly employed or those working for companies that sell goods and services to the government, receive a living wage.

The living wage for Winnipeg in 2013 for a family of four with two parents working fulltime is \$14.07. The living wage for Brandon is \$13.41, and for Thompson is \$13.46.

The Government of Manitoba is committed to reducing poverty through the ALL Aboard Action Plan and Poverty Reduction Strategy Act. The ALL Aboard Poverty Reduction and Social Inclusion strategy identifies Education, Jobs and Income Support as a priority area that the strategy will focus on between 2012 - 2016. Implementation of these recommendations will help the Province meet its commitments in this priority area.

5. Community-Led Development

A. Invest the expansion of multi-year, multi-program funding provided through the Province's four-point strategy to cut red tape, reflects the annually increasing costs of program delivery for all current and future participants.

Many community-based non-profits working toward poverty reduction and community renewal do not have access to adequate multi-year funding to take innovative, long-term and strategic action through a comprehensive approach. This creates a need to search for multiple funding sources that can create an administrative burden leading to inefficiencies and less time to engage the community in the long-term thinking, planning, and action that is needed to achieve long-term results.

When funding does not reflect the annually increasing costs of program delivery, it can result in insecure, low-paying jobs with inadequate benefits. This in turn makes it difficult to attract and retain qualified staff, leads to turnover, and diminishes organizational capacity and stability. It also means organizations fall further behind each year in their ability to pay the rising market costs of their operations. Multi-year, multi-program funding that reflects the increased cost of program delivery will enable community-based non-profits to plan and act long-term, attract and retain qualified staff, and improve overall organizational capacity, stability and efficiency.

6. Child Care

A. Establish a Commission on Integrated Early Learning and Child Care for Manitoba with the mandate and resources to develop and propose a multi-year plan for ELCC.

Manitoba's early learning and child care system was established 40 years ago as a voluntary sector service. As a result, child care centres and family child care homes now operate as individual and disconnected stand-alone programs, reliant on community volunteers. The approach to child care is much like the situation of education before 1890, when the *Public Schools Act* turned a ragtag collection of one-room schoolhouses into a provincial system of tax-supported public schools for all children.

Manitoba needs a redesigned early learning and child care system. An integrated system will establish a governance and administrative framework that does not rely on community volunteers to establish and maintain services. It can provide seamless child-centered, accessible, and reliable programs based on a high quality pedagogical framework. An integrated system can meet the needs of modern families by ensuring the strategic allocation and coordinated sharing of community resources, under public management.

B. Create enough new licensed early learning and child care spaces to meet the demand for child care services determined by the Online Child Care Registry, with priority given to creating child care spaces in lower-income neighbourhoods including in rural and Northern communities.

Investments in child care stimulate the local economy and create jobs. Every \$1 invested in child care in Manitoba returns \$1.58 to rural and northern economies, and \$1.38 to the Winnipeg economy. For every child care job created, 2.15 other jobs are created or sustained. Child care affects over 12,700 households in Winnipeg alone, allowing mothers and fathers to work or study, and to earn an estimated \$715 million per year. Accessible and affordable child care is a major factor in helping women access education, training and paid work and therefore helps to reduce women's poverty and child poverty.

High quality early learning and child care services promote healthy child development, identify children with additional support needs and provide enhanced early intervention programs, and assist parents in their important role as their child's first teacher.

The Online Child Care Registry indicates demand for child care services by age and by community. According to the Registry, there are at least 11,400 children on the wait list for child care spaces. Wait times range from months to years across all age groups. The distribution of child care services tends to advantage higher-income neighbourhoods with greater social capital and disadvantage lower-income neighbourhoods.

C. Invest in resources and training supports to recruit, train and retain Aboriginal, Francophone and Visible Minority communities to the childcare profession.

There is a pressing need for culturally and linguistically appropriate child care services for Aboriginal, Francophone and other minority communities. This requires more resources and training supports for individuals from Aboriginal, Francophone and other minority communities to get into the childcare profession.

The Government of Manitoba is committed to reducing poverty through the Poverty Reduction Strategy Act. The ALL Aboard Poverty Reduction and Social Inclusion strategy identifies Early Childhood Development and Parenting Supports as a priority area that the strategy will focus on between 2012-2016. Implementation of these recommendations will help the Province meet its commitments in this priority area.