

July 24, 2016

To:

House of Commons Standing Committee on Finance  
finapbc-cpb@parl.gc.ca.

From:

Social Enterprise Council of Canada / Conseil des entreprises sociales du Canada  
2-3702 Quebec Street  
Vancouver, BC V5V 3K4

Dear Sir or Madam:

Social enterprises are community-based businesses that sell goods or services in the market place to achieve a social, cultural and/or environmental purpose, and they reinvest their profits to support that purpose

The Social Enterprise Council of Canada strongly commends and endorses the economic and social focus identified in the House of Commons Standing Committee on Finance Pre-Budget Consultation Process.

Social enterprises are active in all regions across the country. By the very nature of their social purpose they help Canadians, particularly the needs of specific groups such as the unemployed, Indigenous peoples, those with a disability, youth at risk and seniors.

The recent Social Enterprise Sector Survey across had just over 930 responding social enterprises from across the country ([www.sess.ca](http://www.sess.ca)). The results show that from this small sample of the larger sector includes:

- They provided paid employment for more than 31,000 workers
- At least 23,000 people, 60%, of those employed were persons with disabilities and/or other employment barriers
- Provided over \$ 442 million in wages and salaries
- Involved at least 116,000 volunteers

The Federal Government in the last year has made some initial efforts to support social enterprise as a means to build strong and healthy local communities. The 2017 Federal budget offers government the opportunity to greatly enhance the Social Enterprise Ecosystem. Social enterprise provides an effective, simple, and cost effective solution to enable Canada's communities to achieve both local economic growth and social impact.

SECC offers three specific recommendations for the 2017 Federal Budget:

1. Implement a Social Procurement Policy
2. Enhance Business Acumen & Skills Capacity in Social Enterprise Sector
3. Design and implement a supportive policy environment for social enterprise

SECC recommends three areas where the 2017 Federal Budget can address to assist Canada's social enterprise business sector:

**Implement a Social Procurement Policy:** The 2017 Federal Budget should add a social value component to existing government procurement. Social value purchasing, Community Benefit Agreements on infrastructure spending and similar procurement tools leverage a greater return on taxpayer spending. All purchasing creates a ripple effect, and causes external consequences. Social Procurement policy and practice allows government to intentionally direct the creation of social value externalities without added costs.

#### **Enhance Business Acumen & Skills Capacity in Social Enterprise**

**Sector:** Initial steps in the past year to support social enterprise business skill capacity have been very encouraging, but these programs and efforts need escalating and accelerating. The 2017 Federal Budget should direct and provide the necessary funding to ISED, INAC, ESDC and other ministries to provide their complete business development and investment services to all business sectors, specifically expanding their reach and full services to the social enterprise sector.

**Design and implement a supportive policy environment for social enterprise:** Social enterprises are often incorporated as non-profits, and many are registered charities. The current policy framework of the Canada Revenue Agency is unclear, ambiguous and basically creates a 'chilling' effect for many managers and Boards of Directors responsible for their organization. The 2017 Budget should direct the Ministry of Finance to lead the effort to resolve these issues with the intent to establish a policy environment that encourages non-profit revenue diversification and enhanced mission service through social enterprise activities.

Sincerely,  
David LePage  
Chair, SECC Board of Directors  
david@asiccc.ca  
1-778-772-3472

Based upon recent EY research into the government's financial return on investment for social enterprise, directed employment by Atira Property Management proved that in the 2012/2013 year, for every dollar spent to employ targeted employment group individuals, there was a \$3.32 social return on investment (SROI). If we extend the SROI calculation to include the benefits generated by Atira as an organization (rather than focusing on Targeted Employment Group alone), the cost: benefit ratio increased to \$1: 3.69. <http://www.atira.ca/news/report-produced-ernst-young-confirms-hiring-people-downtown-eastside-benefits-taxpayers-rate>

Upon review it has been determined that more than 90% of the Federal SME programs are allowed under the law or by regulation to serve non-profits and hybrid business models (ie. social enterprises). They are limited only by current practice, culture and mandate.

Social Enterprise Council of Canada Board of Directors

- Caroline Arcand, Executive Director at Groupe Convex, Hawkesbury, ON
- Marty Donkervoort, Faculty of Business and Economics, University of Winnipeg, MB
- Norman Greenberg, Board member of Affirmative Ventures Association, Dartmouth, NS
- Andy Horsnell, Co-founder of Common Good Solutions Inc., Halifax, NS
- Anne Jamieson, Senior Manager of Toronto Enterprise Fund, United Way Toronto, Toronto, ON
- David LePage, Principal with Accelerating Social Impact CCC, Ltd. (ASI), Vancouver, BC
- Penelope Rowe, CEO of Community Sector Council Newfoundland and Labrador, St. John's, NL
- Jonathan Wade, Principal at Social Delta, Ottawa, ON