

RECOMMENDATIONS FOR THE 2021 FEDERAL BUDGET



Canadian
CED Network

Réseau canadien
de **DÉC**

**Pre-Budget Submission to the House of Commons Standing
Committee on Finance**

By: Canadian Community Economic Development Network

August 7, 2020

Recommendations:

Accelerate Social Innovation and Social Finance

1. Produce a Social Innovation and Social Finance Strategy implementing all 12 recommendations of the Co-Creation steering group.
2. Ensure equity seeking groups play a leading role in the implementation and subsequent evolution of the SISF strategy to build on existing local capacity and strengthen the expertise of the community economic development, non-profit, and co-operative sectors.

Support Resilient Local Enterprises

3. Promote local and social procurement policies.
4. Enable employee and community-based ownership succession and buyouts.
5. Establish a national program to grow community investment funds in each province.

Build Economies for All

6. Advance the decent work agenda to support good quality jobs and workers' rights and well-being.
7. Improve the efficacy of Labour Market and Workforce Development dollars to reach vulnerable groups seeking workplace skills and training, and ensure that an increased percentage of LMFTA funding is directed at vulnerable groups.
8. Accelerate the timeline of the Universal Broadband Fund, and use it to encourage community-owned broadband.

Introduction

The COVID-19 pandemic has laid bare many of the weaknesses in our social and economic systems as we, collectively, find a way forward that results in a sustainable, inclusive, and equitable future for all. Across Canada, Community Economic Development (CED) initiatives already foster inclusive economic revitalization, access to capital for business development, local ownership of resources, job creation, poverty reduction, and environmental stewardship. Scaled out, CED can provide the foundation for COVID recovery that allows us to “build back better”.

Any budget, policy, or recovery plan must take the following imperatives into consideration:

- Reconciliation with Indigenous peoples that acknowledges the legacy of historic and present wrongs to First Nations, Inuit, and Métis people and that recognizes their rights under the United Nations Declaration on the Rights of Indigenous Peoples including the right to free, prior, and informed consent to projects on their traditional territories.
- An intersectional lens must be used to address the inclusion of those made most vulnerable in our economy and society. Systemic and institutional racism underlie so many aspects of our society: employment, education, surveillance, the criminal justice system, health care, among others. Similarly, systemic barriers still exist for women and gender-diverse people and the economic, social, and health impacts of COVID-19 have disproportionately affected women, especially women of colour and recent immigrants.¹ The intersectionality of race, class, and gender create overlapping and interdependent systems of discrimination or disadvantage.
- A just transition towards an ecologically viable, low-carbon future, that takes into account the need for training for ecologically sustainable jobs and re-training for workers in carbon-intensive industries, and builds on existing efforts by businesses to reduce pollution and opportunities for people in Canada to help shift the economy toward sustainable alternatives.

Accelerate Social Innovation and Social Finance

The Government of Canada defines **social innovation** as developing new solutions to social or economic challenges that improve people’s quality of life through collaborating with new partners, testing creative ideas and measuring their impact. An example of that is **social finance**, a tool that seeks to mobilize private capital for the public good, creating opportunities for investors to finance projects that benefit society and for community organizations to access new sources of funds.

The federal government took a bold step when the 2015 Ministerial mandate letters directed the creation of a Social Innovation and Social Finance Strategy. The subsequent co-creation process with stakeholders across Canada produced [Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities](#), a comprehensive report with 12 key recommendations from the Social Innovation and Social Finance Strategy Co-Creation Steering Group. The 2018 Fall Economic Statement announced a \$755M Social Finance Fund and \$50M Investment Readiness Program, but there has been little action on the remaining elements of the strategy. The 12 recommendations all have mutually reinforcing impacts and all require action – implementing some elements of the strategy and not others weakens them all. Furthermore, the implementation of the strategy should be guided by the groups it seeks to serve, especially historically disadvantaged and equity-seeking groups. Building on the

¹ Sultana, A. & Ravanera, C. (2020, July 28). A Feminist Economic Recovery Plan for Canada: Making the Economy Work for Everyone. The Institute for Gender and the Economy (GATE) and YWCA Canada. Retrieved from: www.feministrecovery.ca

creativity and expertise of diverse community leaders and organizations will leverage extensive assets and foster truly innovative local action.

Recommendations

1. Produce a Social Innovation and Social Finance Strategy implementing all 12 recommendations of the Co-Creation steering group.
2. Ensure equity seeking groups play a leading role in the implementation and subsequent evolution of the SISF Strategy to build on existing local capacity and strengthen the expertise of the community economic development, non-profit, and co-operative sectors.

Support Resilient Local Enterprises

Procurement is a powerful tool for a strong economy and social impact. The modernization of procurement practices undertaken by Public Services and Procurement Canada has made valuable progress testing how social procurement can generate intentional community benefits. As part of recovery investments, ensuring procurement by local social enterprises, co-operatives, and non-profit organizations can multiply the social and economic effects. Social procurement strategies are expanding throughout the country, with BC, Nova Scotia, Manitoba, Calgary, Edmonton, Vancouver, Victoria, Toronto, and Montreal all having social procurement as stand-alone policies or embedded elsewhere. The federal government can take proactive steps to foster the development of these practices at a national level.

Social enterprise and co-operative models are proven to be better adapted to challenging market conditions, and more resilient in times of economic downturn. They engage communities and broaden support for local businesses that are critical suppliers of goods, services, and jobs. Even prior to the COVID-19 crisis, business succession was a growing challenge due to Canada's aging population. A 2018 study of small and medium-sized enterprises found that nearly 50% of owners intended to exit their business within the next five years. The current economic downturn will only intensify those pressures and make the transition more complex. Further, when businesses are threatened for any reason including COVID-19, owners may opt to close them down. These closures could in many cases be addressed by employee or community buyouts, thus preserving jobs and services.

Recent years have seen an explosion of interest in strategies that redirect investments for community benefit. Based on the proven success of Nova Scotia's CED Investment Funds, five provinces now have CED investment and tax credits programs, and communities across the country are organizing to redirect capital to local needs. However, these programs can be undersubscribed due to a lack of technical expertise and capacity among community leaders. A program to leverage existing expertise and transfer knowledge would dramatically increase subscription rates and corresponding inclusive economic growth opportunities.

Recommendations

3. Promote local and social procurement policies.
4. Enable employee and community-based ownership succession and buyouts.
5. Establish a national program to grow community investment funds in each province.

Build Economies for All

Our communities and our economy will only realize their full potential when everyone can contribute in meaningful ways. The trend towards more precarious work and the gig economy has been hastened by the COVID-19 pandemic. These types of work devalue workers and serve to push marginalized people further to the margins. The concept of “decent work” is emerging across developed economies as a key mechanism to maximize labour force potential and fuel gains in productivity. According to the International Labour Organization, **decent work** involves opportunities for work that is productive and delivers a fair income, security in the workplace, better prospects for personal development, freedom for people to express their concerns and participate in the decisions that affect their lives and equality of opportunity and treatment for all. The provision of decent work is central to creating the economic and social foundations that underpin individual and community well-being.

A rapidly changing labour market marked by skills shortages creates opportunities for broader workforce participation. This includes the identification and removal of institutional and systemic barriers to workforce participation by groups such as low-skilled individuals, immigrants, Indigenous persons, and the long-term unemployed. Integrated training models have demonstrated success connecting people with barriers to employment to the labour market through a combination of foundational skills training; technical, job-specific skills training; and experiential learning with employers.

There is an opportunity to improve the effectiveness of workforce training dollars through the Labour Market Transfer Agreements (LMTAs). For example, while provinces are no longer required to offer the Canada Job Grant, many still do. This program has failed in its goal to increase labour market attachment for under-represented groups and has mixed results in its goal to increase employer investments. In most provinces and territories, individuals supported through the Canada Job Grants in 2017-18 were already employed prior to participating in training (ranging from 85%-100% of participants). These funds could better be directed at foundational and integrated training opportunities for marginalized or vulnerable Canadians.

With the sudden shift to virtual platforms for gathering, connecting, and working as a result of the COVID-19 pandemic, it quickly became clear that those with access to broadband internet and internet-connected devices and those with higher levels of digital literacy have an advantage over those without the access, means, and skills to engage in a virtual economy. Access to broadband internet must be considered a basic need for vulnerable populations as well as those in rural and remote communities. Digital literacy must be a key focus of workforce skill development, particularly for older individuals. In 2019, the Government of Canada released a national connectivity strategy, [*High Speed Access for All: Canada's Connectivity Strategy*](#) and announced the Universal Broadband Fund which is intended to support broadband projects across the country. The pandemic has amplified the need for the rapid implementation of this strategy and the Fund. Furthermore, the development of local community-owned broadband networks and service providers would amplify the local economic impact of the strategy.

Recommendations

6. Advance the decent work agenda to support good quality jobs and workers' rights and well-being.
7. Improve the efficacy of Labour Market and Workforce Development dollars to reach vulnerable groups seeking workplace skills and training, and ensure that an increased percentage of LMTA funding is directed at vulnerable groups.

8. Accelerate the timeline of the Universal Broadband Fund, and use it to encourage community-owned broadband.

About Us

The Canadian Community Economic Development Network (CCEDNet) is a national association of community organizations, cooperatives, credit unions, foundations, municipalities, and citizens working to enhance the social, economic, and environmental conditions of Canada's communities. We have members in all regions of Canada, including urban, rural, northern, and Aboriginal community settings.

Community Economic Development (CED) is citizen-led action to enhance the social and economic conditions of their communities on an integrated and inclusive basis, reducing poverty, unemployment, and social disadvantage by building assets and creating opportunities.

The following people and organizations are members of CCEDNet's Policy Council:

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