

# RECOMMENDATIONS FOR THE 2022 FEDERAL BUDGET



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

**By: Canadian Community Economic Development Network**

**August 6, 2021**

## **Recommendations:**

### **Accelerate Social Innovation and Social Finance (SI/SF)**

1. Implement a Social Innovation and Social Finance Strategy that addresses 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 SI/SF 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. Ensure that workforce and entrepreneurship development funding reaches vulnerable and underrepresented groups.
8. Use the Universal Broadband Fund to encourage community-owned and community-controlled 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-19 recovery that allows us to “build back better”.

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

- Acceleration of nation-to-nation dialogue with First Nations, Métis, and Inuit peoples, and reconciliation with them that acknowledges the legacy of historic and present wrongs to Indigenous people across Turtle Island 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.<sup>1</sup> 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**, which refers to investments intended to create a measurable social or environmental impact as well as to generate financial returns.

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\*](#)

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<sup>1</sup> 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](http://www.feministrecovery.ca)

[\*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; the 2021 budget re-affirmed commitments to launch the \$755 Social Finance Fund with up to \$220 million deployed over its first two years, and renewed the Investment Readiness Program for another \$50 million over two years. However, 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 creativity and expertise of diverse community leaders and organizations will leverage extensive assets and foster truly innovative local action.

### **Recommendations**

1. Implement a Social Innovation and Social Finance (SI/SF) Strategy that addresses 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 SI/SF 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.

### **Recommendation**

3. Promote local and social procurement policies.

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 more actively 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 effects of the COVID-19 pandemic have only intensified those pressures and made

the transition more complex. Further, when businesses are threatened for any reason including COVID-19, owners may opt to close them down. About 30% of currently closed small businesses stated in a CFIB survey that permanent closure is possible, yet this could in many cases be addressed by employee or community buy-outs, thus preserving jobs and services.<sup>2</sup> These closures could in many cases be addressed by employee or community buyouts, thus preserving jobs and services.

### **Recommendation**

4. Enable employee and community-based ownership succession and buyouts.

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.

### **Recommendation**

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"<sup>3</sup> is emerging across developed economies as a key mechanism to maximize labour force potential and fuel gains in productivity. The provision of decent work is central to creating the economic and social foundations that underpin individual and community well-being.

### **Recommendation**

6. Advance the decent work agenda to support good quality jobs and workers' rights and 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

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<sup>2</sup> [One third of shuttered SMEs not confident they will ever reopen](#), per the Canadian Federation of Independent Business, March 31, 2020.

<sup>3</sup> 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.

systemic barriers to workforce participation by, for example, individuals whose skills and education are devalued by the job market, immigrants, Indigenous people, 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, experiential learning with employers, and technical, job-specific skills training.

The federal government has made strides in these areas through federal-provincial [Workforce Development Agreements](#), which target unemployed and underemployed individuals seeking to develop skills, as well as persons with disabilities. In some cases, the provincial implementation of these agreements can limit their effectiveness to support underrepresented groups and individuals who are further removed from the labour market. At the same time, entrepreneurship and innovation are critical to the development of resilient local economies, especially in times of change. Entrepreneurship and entrepreneurs, particularly those who face systemic barriers such as women, Black and Indigenous people, and people of colour, are key drivers to boost the economy but also to create innovative solutions to local needs. The 2021 federal budget provided for various supports for skills training for vulnerable populations and entrepreneurship development for women and Black people. These types of supports should be continued and expanded.

### **Recommendation**

7. Ensure that workforce and entrepreneurship development funding reaches vulnerable and underrepresented groups.

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, both because of their geographic location as well as their means, have an advantage over those without the ability 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. 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. This provides an opportunity for communities to develop locally-owned or locally-controlled broadband networks and service providers, enabling communities to meet their needs while amplifying the local economic impact of the strategy and generating community wealth.

### **Recommendation**

8. Use the Universal Broadband Fund to encourage community-owned and community-controlled broadband.

## **About Us**

The Canadian Community Economic Development Network (CCEDNet) is a national member-led organization committed to strengthening Canadian communities by creating economic opportunities that enhance social and environmental conditions.

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.

CCEDNet's Policy Council includes the following members:

- Kumsa Baker, Toronto, ON
- Lars Boggild, [Vancity Credit Union](#), Vancouver, BC
- John Buck, Community Economic Development and Employability Corporation ([CEDEC](#)), Huntingdon, QC
- Devon Calder, [Green Communities Canada](#), Kitchener, ON
- Laurie Cook, Musquodoboit Harbour, NS
- Barb Davies, [Institute for Community Prosperity](#), Mount Royal University, Calgary, AB
- Kelly Dowdell, [Momentum](#), Calgary, AB
- Rachael Howgate, [SEED Winnipeg](#), Winnipeg, MB
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