

RECOMMENDATIONS FOR THE 2021-22 FEDERAL BUDGET

Pre-Budget Consultation Submission



**By: Canadian Community Economic Development
Network**

February 19, 2021

Recommendations:

Accelerate Social Innovation and Social Finance

1. Implement a comprehensive Social Innovation and Social Finance (SI/SF) Strategy including 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.

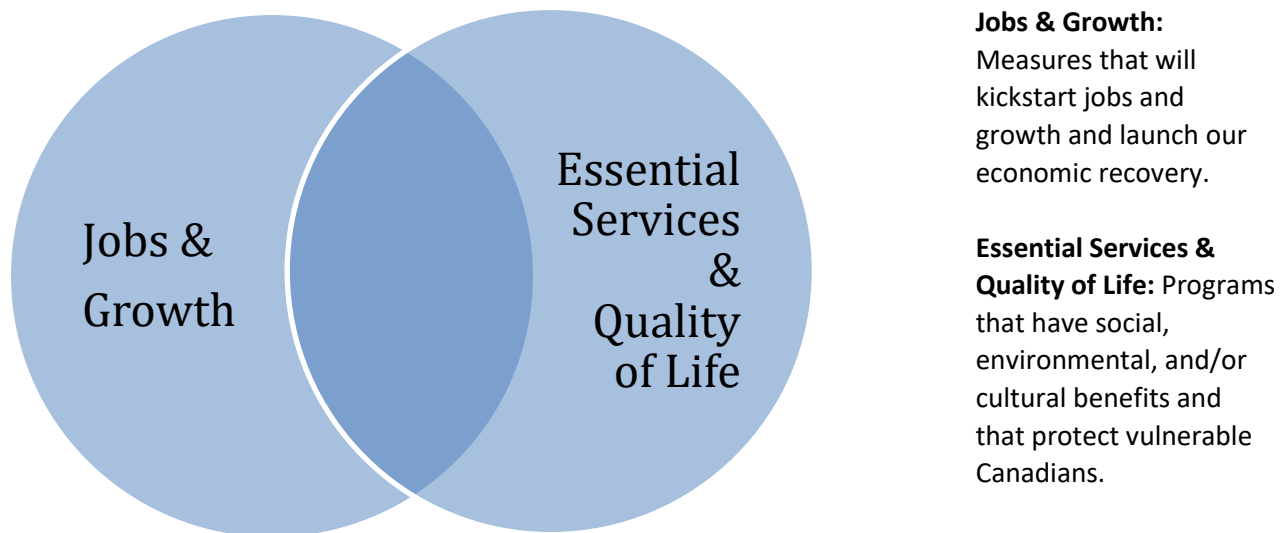
Build Economies for All

6. Advance the decent work agenda to support good quality jobs and workers' rights and well-being.
7. 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.

Introduction

The events of 2020 and COVID-19 have focused attention on the longstanding inequalities faced by some groups of people, and the price we all pay when seniors, women, low wage workers, young people, people of colour, and Indigenous peoples do not have the supports and opportunities they need. Top-down, siloed approaches to economic growth and social development have had limited success. Incremental improvements to existing programs will not fundamentally change communities' ability to meet their diverse needs.

With budget 2021-22, we have an opportunity to invest in strategies that address the root causes of inequalities, stimulating jobs and growth while strengthening essential services and improving the lives of all Canadians.



Across Canada, Community Economic Development (CED) initiatives already foster economic revitalization, while providing social, environmental, and cultural benefits to communities. Scaled out, CED, in the “sweet spot” in the middle of the diagram above, can provide the foundation for COVID-recovery that allows us to “build back better”.

Before getting into our specific recommendations, please note the upcoming budget 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 federal government took an important step to recognize and leverage extraordinary, underleveraged potential within the social economy in the 2015 Ministerial mandate letters, which called for a Social Innovation and Social Finance Strategy. An expert steering group engaged thousands of stakeholders across Canada in a co-creation process culminating in a comprehensive report: [Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities](#). Released in August 2018, its 12 recommendations span policy measures and procurement guidelines, training opportunities and capacity-building, research and knowledge-exchange, market access, and catalytic capital investment. Each recommendation identified a pivotal role for the federal government in harnessing the tools and infrastructure of social innovation and social finance to effectively tackle our most pressing challenges, further intensified by the pandemic, which has underscored the urgency of solutions that reach well beyond “business as usual.”

Responding to the recommendations, the 2018 Fall Economic Statement announced the launch of a pioneering \$755M [Social Finance Fund](#), designed to leverage private and philanthropic capital to generate an estimated \$2 billion² in economic activity and 100,000 jobs, and an additional \$50 million Investment Readiness Program (IRP) to support a number of the report’s other recommendations with respect to complementary sector-building initiatives. However, more than two years since its announcement, the Social Finance Fund has yet to be deployed, foregoing critical recovery-focused investment in communities across Canada, while after a successful two-year pilot, funding for the Investment Readiness Program is currently set to expire in Spring of 2021, with no word yet regarding its renewal.

Furthermore, the implementation of the Social Innovation and Social Finance Strategy should be guided by the groups it seeks to serve, especially historically disadvantaged and equity-

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.

² The pan-Canadian Table of Impact Investment Practitioners’ forthcoming compendium of social finance case studies suggest this estimate may be conservative.

seeking groups. Building on the creativity and expertise of diverse community leaders and organizations will leverage extensive assets and foster truly innovative local action. A comprehensive Social Innovation and Social Finance agenda would catalyze community leadership and enable remarkable solutions across the country.

Recommendations

1. Implement a comprehensive Social Innovation and Social Finance Strategy that includes 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.³ The modernization of procurement practices with a focus on social procurement undertaken by Public Services and Procurement Canada⁴ has led to valuable progress in 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 could greatly multiply the positive social and economic effects.

Community employment benefits and community benefit agreements are also vital mechanisms to ensure the effects of government investment are shared by all. The federal Community Employment Benefit policy has proven to be a very valuable tool to initiate and create new opportunities for apprentices; Indigenous peoples; African Canadians and people of colour; women; persons with disabilities; veterans; youth; recent immigrants; and social enterprises and other small and medium-sized enterprises (SMEs). The direct and indirect employment and supply chain opportunities are stimulated through the activation of each infrastructure and related construction project.

Even prior to the COVID-19 crisis, business succession was a growing challenge due to Canada's aging population, with nearly three-quarters of small business owners planning to retire in the next decade⁵. The current economic downturn will only intensify those pressures and make the transition more complex. Further, when businesses are threatened for any reason including

³ Buy Social Canada, 2018. [A Guide to Social Procurement](#).

⁴ Rt. Hon. Justin Trudeau, Prime Minister of Canada, 2019, December 13. [Minister of Public Services and Procurement Mandate Letter](#).

⁵ Bruce, D. & Wong, Q., 2012, November. [Passing on the Business to the Next Generation](#). Canadian Federation of Independent Business (CFIB) / CBC, 2011, October 17. [10 Surprising Stats about Small Business in Canada](#). CBC News. / CBC, 2021, January 21. [COVID-19 could shutter more than 200,000 Canadian businesses forever, CFIB says](#). CBC News. / Israelson, D. 2017, March 3. [Business-Transition Tsunami Coming for Aging Baby Boomers](#). The Globe and Mail.

COVID-19, owners may opt to close them down. According to the Canadian Federation of Independent Business (CFIB) in March 2020, 32% of then-closed small businesses stated that permanent closure was possible due to the pandemic.⁶ It now estimates that 58,000 businesses became inactive in 2020, and that one in six remaining businesses, or “181,000 small business owners are now seriously contemplating shutting down...Based on the [CFIB’s] updated forecast, more than 2.4 million people could be out of work — a staggering 20% of private sector jobs.”⁷ These closures could, in many cases, be addressed by employee or community buy-outs, 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

⁶ Canadian Federation of Independent Business, 2020, March 31. [One third of shuttered SMEs not confident they will ever reopen.](#)

⁷ CBC, 2021, January 21. [COVID-19 could shutter more than 200,000 Canadian businesses forever, CFIB says.](#) CBC News.

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. In late 2020, in response to the pandemic, which amplified the need for the rapid implementation of this strategy and the Fund, the federal government announced additional funding and the acceleration of the fund. 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. Use the Universal Broadband Fund 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.

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