

RECOMMENDATIONS FOR THE 2022 FEDERAL BUDGET

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

By: People-Centered Economy Group

August 6, 2021

Recommendations:

- 1. Strengthen Equity and Justice for Indigenous People and Communities, Black People and Communities, and Other People and Communities Facing Systemic Barriers**
- 2. Promote Local and Social Procurement**
- 3. Enable Employee and Community-Based Ownership Succession and Buyouts**
- 4. Implement the Social Innovation and Social Finance Strategy**

About Us

The People-Centered Economy Group is made up of organizations that represent community economic development, co-operative, social economy, social enterprise, and non-profit organizations throughout Canada, which have been the foundation of inclusive economies and strong communities for generations. Collectively, these sectors represent over 10% of GDP and employ over 2.6 million Canadians. More importantly, they embody the spirit of community care, mutual aid, and citizen action that complement a quality-of-life strategy for Canada¹.

The organizations involved include [Canadian Rural Revitalization Foundation](#), [Canadian Worker Co-op Federation](#), [Chantier de l'économie sociale](#), [Community Futures Ontario](#), [Co-operatives and Mutuals Canada](#), [Imagine Canada](#), [National Aboriginal Capital Corporations Association](#), [National Association of Friendship Centres](#), [Network for the Advancement of Black Communities](#), [Ontario Nonprofit Network](#), [PARO Centre for Women's Enterprise](#), [Social Economy through Social Inclusion](#), [Social Enterprise Council of Canada](#), [Table of Impact Investment Practitioners](#), [Women's Economic Council](#), and the [Canadian Community Economic Development Network](#), which also serves as convener for the group.

Many of these organizations have made their own submissions to the pre-budget consultations in advance of the upcoming federal budget, which complement and mutually reinforce one another.

Recommendation 1: Strengthen Equity and Justice for Indigenous People and Communities, Black People and Communities, and Other People and Communities Facing Systemic Barriers

Systemic and institutional racism underlie 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.² The intersectionality of race, class, and gender create overlapping and interdependent systems of discrimination or disadvantage.

The purpose of a budget is to allocate the resources required to achieve the government's policy objectives. As was seen with the government's response to COVID-19, an appropriate, immediate, strategic, and significant allocation of funds can be effective in meeting the country's needs. Similarly, an intersectional lens to address the inclusion of those made most vulnerable in our economy and society must be used in the preparation and implementation of Canada's 2022-23 budget. Democratic,

¹ Department of Finance Canada. (2021, April 19). Measuring What Matters: Toward a Quality of Life Strategy for Canada. <https://www.canada.ca/en/department-finance/services/publications/measuring-what-matters-toward-quality-life-strategy-canada.html> Accessed July 16, 2021.

² 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

community-led approaches such as those recommended herein are effective strategies for targeted and sustainable economic impacts that benefit communities and disadvantaged populations. This does not necessarily mean spending more money, but rather spending money where it is most impactful. For example, the recommendations herein are do not have to be big-ticket items, but they can be used to strengthen equity for Indigenous people and communities, Black people and communities, women and gender-diverse people, and other groups facing systemic barriers.

Many federal government programs and “usual” budget allocations are hold-overs from a different time in our history. It is now recognized that historical and outdated policies and practices not only caused harm in the past but continue to do so today. The federal budget provides an excellent opportunity to tackle some of these long-standing issues through specific commitments as well as by directing a review of existing programs through an intersectional lens, which could be based on the Government of Canada’s Gender-based Analysis Plus.

In addition to the recommendations below, it is important to look to organizations that are led by and serving people facing systemic barriers, and to pay particular attention to the recommendations they are putting forward. For example, there have been many calls for disaggregated data from the Center for Research-Action on Race Relations³ alongside local organizations as well as Canada’s federal, provincial, and territorial human rights commissions⁴, and the United Nations⁵.

Recommendation 2: Promote Local and Social Procurement

Procurement is a powerful tool for a strong economy and social impact.⁶ The modernization of procurement practices with a focus on social procurement undertaken by Public Services and Procurement Canada⁷ has led to valuable progress in testing how social procurement can generate intentional community benefits. Now that Canada is entering the recovery phase, ensuring federal government procurement from local social enterprises, co-operatives, and non-profit organizations through contracts and/or sub-contracts could greatly multiply their 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

³ Lapierre, Matthew. (2020, May 22). Groups, advocates disappointed by Quebec’s decision not to collect COVID-19 race data. Montreal Gazette. <https://cashra.ca/national-strategy-for-the-collection-of-disaggregated-health-data/> Accessed July 16, 2021.

⁴ Boullard, Therese. (2020, June 5). Human rights commissions call for a national strategy for the collection of disaggregated health data. <https://cashra.ca/national-strategy-for-the-collection-of-disaggregated-health-data/> Accessed July 16, 2021.

⁵ United Nations Statistics Division. (2021). Data Disaggregation for the SDG Indicators. <https://unstats.un.org/sdgs/iaeg-sdgs/disaggregation/> Accessed July 16, 2021.

⁶ Buy Social Canada, 2018. A Guide to Social Procurement. Accessed: https://buy-social-canada.cdn.prismic.io/buy-social-canada%2F47fa7b64-c5f0-4661-9a00-93a936f38dd0_bsc_socialprocurement_screen-opt.pdf

⁷ Rt. Hon. Justin Trudeau, Prime Minister of Canada, December 13, 2019. Minister of Public Services and Procurement Mandate Letter. Accessed: <https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-public-services-and-procurement-mandate-letter>

Benefit policy has proven to be a very valuable tool to initiate and create new opportunities for apprentices, Indigenous persons, women, persons with disabilities, veterans, youth, recent immigrants, and small, medium-sized, and social enterprises. The direct and indirect employment and supply chain opportunities are stimulated through the activation of each infrastructure and related construction project. The continuation and expansion of these policies are essential.

Recommendation 3: Enable Employee and Community-Based Ownership Succession and Buyouts⁸

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, owners may opt to simply 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.⁹

Social enterprise and co-operative models are proven to be better adapted to challenging market conditions, and more resilient in times of economic downturn.¹⁰ They engage communities more actively and broaden support for local businesses that are critical suppliers of goods, services, and jobs. However, there are few mechanisms and resources to support the transition. The commitment to consult on Employee Ownership Trusts in the 2021 Federal Budget was a promising start. Members of the People-Centred Economy Group look forward to engaging with the government on advancing this work in the near future.

Recommendation 4: Implement the Social Innovation and Social Finance Strategy

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; the 2021-22 federal 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

⁸ Imagine Canada's charitable purpose precludes it from commenting on employee ownership models.

⁹ [One third of shuttered SMEs not confident they will ever reopen](#), per the Canadian Federation of Independent Business, March 31, 2020.

¹⁰ Carlo Borzaga, Gianluca Salvatori and Riccardo Bodini. (July 2017). [Social and Solidarity Economy and the Future of Work](#), International Labour Organization, p15

Readiness Program for another \$50 million over two years. However, there has been little action on the remaining elements of the strategy.

Social Innovation and Social Finance are multi-faceted approaches fostering wide-ranging changes to business-as-usual. The Social Finance Fund is an important first step, but the impact of improved access to capital is diminished without skills development, increased social procurement, regulatory change, knowledge transfer, and awareness raising. The 12 recommendations all have mutually reinforcing impacts -- implementing some elements of the strategy and not others weakens them all. A fully implemented strategy is urgently needed.

The implementation of the strategy should be deeply co-created by the groups it seeks to serve, especially groups facing systemic barriers. Learning from and building on cultural practices, community assets, nonprofits, and grassroots organizations that are essential in many BIPOC¹¹, local, and rural communities will foster truly innovative local creativity and action. Accelerating the rollout of the Social Finance Fund, announcing the Social Innovation Advisory Council, and confirming budgetary allocations to adequately resource the implementation of the entire Social Innovation and Social Finance Strategy are pressing next steps.

¹¹ BIPOC = Black, Indigenous, and People of Colour