

Recommendations for Inclusive, Sustainable, and Prosperous Communities in Manitoba

2023 PRE-BUDGET SUBMISSION TO THE HONOURABLE CAMERON FRIESEN,
MINISTER OF FINANCE

November 2022



Canadian
CED Network
Réseau canadien
de **DÉC**

Background

This document has been prepared by the Canadian CED Network - Manitoba (CCEDNet Manitoba) for the Honourable Cameron Friesen, Minister of Finance for the Province of Manitoba. Our Network hopes the information contained assists the Province of Manitoba as it prepares Budget 2022.

Our Network stands behind these recommendations as contributing to key priorities for our province: **an inclusive & sustainable economy, meaningful employment, affordable housing, and investing in safer, healthier communities.** We advocate for the inclusion of the following principles to be at the heart of Manitoba's budget: **Community Economic Development supporting locally led solutions, Reconciliation, Equity & Inclusion, and Sustainability and Climate Action.**

The public policy solutions presented here are based on the Community Economic Development model. This approach involves comprehensive and innovative action led by people locally to create economic opportunities and improve social and environmental conditions in communities, especially with and for those who need it most.

Our members believe that when these solutions are scaled up, implemented, or enacted, they will serve to build fairer and stronger local economies, reduce poverty and homelessness, tackle climate change, and ensure sustainable and inclusive communities.

How the Network's mandate is set

Our public policy mandate is the result of a democratic decision-making process. Every year, members of CCEDNet Manitoba work together to create a pragmatic, wide-ranging, and solutions-focused set of public policy resolutions. At our annual policy summit, members gather to discuss and ratify these ideas after completing consultations and drafting resolutions.

About CCEDNet Manitoba

The Canadian Community Economic Development Network (CCEDNet) is a national association of organizations and enterprises throughout Canada committed to action to build local economies that strengthen communities and benefit everyone. As a Network, we have been supporting and promoting this approach for almost 25 years. Our vision is for sustainable, equitable, and inclusive communities directing their own futures.

The Manitoba Network:

- builds connections between members toward a more developed CED ecosystem
- builds strength and knowledge of organizations through capacity building and training
- builds a collective voice toward our vision through public policy advocacy

Who are CCEDNet's members and what kind of work do they do?

In Manitoba, our members have strengthened our province's urban, rural, and northern communities and local economies. The Manitoba network is composed of social enterprises, co-operatives, non-profit community-based organizations, funders, credit unions, social finance organizations, and more. Many utilize a social innovation approach to address complex social issues, as well as a 'triple-bottom line', considering outcomes of people, planet, and profit.

Summary of Recommendations

An Inclusive & Sustainable Economy through Community Economic Development

5

1. Ensure that social enterprises, cooperatives, and community-based organizations (CBOs) are part of an inclusive economic recovery from COVID-19 through strategic development support 5
2. Enhance government procurement by intentionally generating economic, social, and environmental outcomes, including creating meaningful employment opportunities, by: 5
 - a. Requiring social, environmental and/or economic community benefit outcomes when purchasing goods and services by including them in the bid evaluation process, with a particular emphasis on employment and training outcomes 5
 - b. Creating set-asides in purchasing for access by social enterprises, cooperatives, and/or non-profits..... 5
3. Support ecosystem development and resources that support innovation and collaboration within the community, such as funding of networks and member associations 6

Addressing the Labour Shortage with Meaningful Employment

6

1. Stabilize and increase workforce training funding for organizations and/or social enterprises who work alongside low-income communities/individuals with barriers, including organizations providing long-term supports for Indigenous job seekers 6
2. Expand the core funding for the Youth Employment Hub and First Jobs 4 Youth programs to Neighbourhood Renewal Corporations and other community-based organizations across Manitoba through the Department of Families, learning from the successful model at Spence Neighbourhood Association. 7
3. Establish a streamlined and non-stigmatizing fee waiver system that enables low-income Manitobans to obtain or replace a birth certificate free of charge. Ensure that incarcerated individuals are provided with necessary identification, either entering or exiting incarceration, as well as youth exiting Child and Family Services prior to transitioning out of care. 7

Housing Affordability & Energy Efficiency 8

1. Support the capacity of community-based organizations, social enterprises, and cooperatives to build and own more affordable and energy efficient housing through better government and sector alignment, support for organizations to leverage funding, and direct government support. 8
- a. Prioritize retrofitting existing social and affordable housing stock while creating employment opportunities in the green economy 8

Investing in Our Communities 9

1. Renew and restructure the Building Sustainable Communities program for community-led development with multi-year, streamlined funding. 9
2. Resource and enable the Manitoba Social Finance Working Group to establish provincial financing opportunities for enterprising non-profits, social enterprises, and cooperatives that are sensitive to the unique needs of these organizations and that contribute to further social innovation. 10
3. Strengthen and utilize the Community Enterprise Development Tax Credit as a financing tool for Manitoba community groups, cooperatives, and social enterprises. 10

Detailed Recommendations

An Inclusive & Sustainable Economy through Community Economic Development

1. Ensure that social enterprises, cooperatives, and community-based organizations (CBOs) are part of an inclusive economic recovery from COVID-19 through strategic development support

Manitoba's budget can foster the growth of more CED enterprises through strategic development support, contributing to continued economic recovery from COVID-19 and an economic development approach that builds local wealth and supports environmental sustainability.

Social enterprises operate in a variety of sectors and support multiple social, economic, and environmental objectives while producing community wealth and generating revenue. Cooperatives account for 3% of all jobs in Manitoba and contribute 3.2% to Manitoba's GDP. Many rural Manitoba communities would not survive without local cooperative and credit unions. Many CBOs are enterprising in a variety of ways while supporting social, economic, cultural, and/or environmental needs of their communities.

The community economic development (CED) and triple bottom line approach of these enterprises can be leveraged in Manitoba's economic recovery from COVID-19, especially for the hardest hit communities. Many social enterprises, cooperatives, and CBOs contribute to local employment, reduced recidivism, reduced number of children in CFS care, and reduced poverty.

These enterprises need the Province of Manitoba's support, just like small, medium, and large sized enterprises, for continued development and to scale. Strategic development support could take the form of funds for enterprise growth or expansion, support for a renewed Social Enterprise Strategy or Co-Op Visioning Strategy, or social finance opportunities (more information in the Investing in our Communities section).

2. Enhance government procurement by intentionally generating economic, social, and environmental outcomes, including creating meaningful employment opportunities, by:

- a. Requiring social, environmental and/or economic community benefit outcomes when purchasing goods and services by including them in the bid evaluation process, with a particular emphasis on employment and training outcomes**
- b. Creating set-asides in purchasing for access by social enterprises, cooperatives, and/or non-profits**

Government can support multiple economic, social, and environmental goals while strengthening and securing the supply chain by instituting social procurement. Embedding community benefits into government purchasing beyond the good or service itself can contribute to reconciliation, workforce development, sustainability, and individual, community, or local economic resiliency.

COVID-19 has demonstrated a need to support and strengthen local supply chains, which is also likely to be necessary due to the impending climate crisis. Strengthening local, community, and social procurement for the food supply chain is one commonly cited example.

Across multiple sectors, there is a significant labour shortage, but unemployment/underemployment remains high among numerous demographics facing multiple barriers to employment. Embedding goals of workforce integration and meaningful employment opportunities within government procurement is a sound public policy tool to achieve multiple outcomes and grow opportunities for work.

This approach has already been taken in other jurisdictions, including the Government of Canada, the City of Winnipeg, and a variety of government crown corporations or arms-length institutions.

The goals of social procurement can commonly be achieved through utilizing social enterprise as a set-aside contract. Social enterprises strategically use a business model that blends and values both social and financial impact, reinvesting surplus revenue into the mission of the business focused on community economic, social, and environmental goals.

3. Support ecosystem development and resources that support innovation and collaboration within the community, such as funding of networks and member associations

Strategy implementation and facilitating partnerships is made easier for government with the support of network, member-association and/or second tier organizations that take an ‘ecosystem’ development approach.

Coordination and collaboration activities within the sector and across sectors are led by networks and become stronger when they are well supported by government.

Networks and member associations can help align government strategic priorities with action on the ground and facilitate ongoing communication and sector capacity building on behalf of government.

Organizing and bringing forward collective policy recommendations and suggestions, such as the ones in this very document, can be more easily facilitated by well-resourced networks taking an ecosystem development approach.

Addressing the Labour Shortage with Meaningful Employment

1. Stabilize and increase workforce training funding for organizations and/or social enterprises who work alongside low-income communities/individuals with barriers, including organizations providing long-term supports for Indigenous job seekers

Creating access to education, training, and meaningful employment is a key element of community economic development in Manitoba. For those who are part of communities facing barriers to the labour market but who can work, a job is a crucial pathway out of poverty. Barriers to employment

should be eliminated, and government should grow the labour market through community-based training and employment opportunities to end cycles of poverty.

This would help fulfill the Truth & Reconciliation Commission's Call to Action #92 that supports equitable access to jobs, training, and educational opportunities for Indigenous peoples. Resources and policy support can be devoted to organizations providing long-term support to Indigenous job seekers facing multiple barriers to employment and employers committed to inclusive hiring.

This may include organizations like CAHRD, or social enterprises such as BUILD, Mother Earth Recycling, or BEEP in Brandon. Many workforce-integration social enterprises are funded primarily through earned revenue with a portion of their budget for training coming from government funding. Ensuring that social enterprises who are already positioned to do training have adequate provincial dollars to do so is essential.

2. Expand the core funding for the Youth Employment Hub and First Jobs 4 Youth programs to Neighbourhood Renewal Corporations and other community-based organizations across Manitoba through the Department of Families, learning from the successful model at Spence Neighbourhood Association.

Investing in Manitoba's future prosperity through support to children and youth is essential for helping to reduce poverty and build stronger communities.

There are significant opportunities for youth employment and providing meaningful support to youth living in poverty to enter the labour market and earn an income.

Spence Neighbourhood Association's Youth Employment Hub and First Jobs 4 Youth programs provide youth opportunities to gain skills and earn needed income. Youth ages 9-15 are engaged in odd jobs through the Youth Engagement Hub program such as catering meetings or yard maintenance to earn money while avoiding negative influences. From there, youth transition into First Jobs for Youth, a more intensive training program that prepares youth to enter the workforce in higher paying jobs that enhance their self-esteem, support workforce development, and reinforce the lasting benefit of meaningful employment.

Through this program, SNA leverages ~\$10,000 of Municipal Relations funding into \$250,000 of community investment into increased youth employment, roughly \$2.50 in value for every \$1 invested.

3. Establish a streamlined and non-stigmatizing fee waiver system that enables low-income Manitobans to obtain or replace a birth certificate free of charge. Ensure that incarcerated individuals are provided with necessary identification, either entering or exiting incarceration, as well as youth exiting Child and Family Services prior to transitioning out of care.

The \$30.00 Vital Statistics Agency fee for birth certificates is a barrier for many low-income Manitobans that ultimately results in further marginalization and deepening poverty.

Birth certificates are a foundational document that enable low-income and other vulnerable community members to increase their financial security through easier access to employment and a wide range of government services, to access other pieces of government-issued ID necessary for employment like a social security card and a driver's license, and ultimately to participate in the local economy and community more fully. For youth exiting care or those exiting incarceration, accessing supports like EIA and housing is impossible without ID.

While some community agencies have stepped up and established funds to cover the cost of IDs, they cannot keep up with demand and complexity of applications. Many Manitobans who have applied to community agencies to access their IDs are Indigenous. Enabling greater access to IDs may be seen as a step towards reconciliation in line with Truth and Reconciliation Call for Action #17.

Initiatives elsewhere indicate that provincial governments and community organizations are coming up with solutions to reducing the barriers for low-income individuals to access birth certificates. The 2017 report, [Access to Identification for Low-Income Manitobans](#) points to examples from other jurisdictions of processes that helped facilitate better access to identification that Manitoba could replicate.

Housing Affordability & Energy Efficiency

1. Support the capacity of community-based organizations, social enterprises, and cooperatives to build and own more affordable and energy efficient housing through better government and sector alignment, support for organizations to leverage funding, and direct government support.

a. Prioritize retrofitting existing social and affordable housing stock while creating employment opportunities in the green economy

Far too many households spend 50% or more of their income on rent, putting them at significant risk of losing their housing and facing homelessness. Existing housing stock is eroding. These factors have escalated rents to make them unaffordable to a growing number of people, especially those most likely to experience poverty.

When housing needs are met, individuals and communities see many benefits. Children do not need to move from school to school, parents have reduced stress and the means to provide the necessities for their families (food, winter clothing, transport, school supplies, etc.), and the health and wellbeing of individuals and families improves.

Building and retrofitting housing owned or operated by community-based organizations could see many social, economic, and environmental benefits such as improved community health, increased employment, and lower cost of living through energy efficiency. Housing cannot be considered entirely affordable if it is not energy efficient.

New energy efficient builds could provide more jobs for people living in poverty by procuring some of the work from workforce integration social enterprises. The Province could lead alignment with the community sector to help fill the need for affordable and social housing. Further, government could help the sector leverage funding into the province for affordable housing builds. While this is underway through the National Housing Strategy Agreement, further alignment would be beneficial to better use federal funds, as well as leverage other opportunities such as the National Co-

Investment Fund, programs of Efficiency Manitoba, the Federation of Canadian Municipalities' Green Municipal Fund, and private sector dollars.

Opportunities for a full retrofitting campaign of existing affordable and social housing stock would provide multiple benefits to the province. Residential accounts for 1,220,000 tonnes of provincial carbon dioxide emissions. This comes at a significant cost to operate, heat, and cool buildings that have not yet been retrofitted. Retrofits of social and affordable housing stock can contribute to climate and energy reduction targets while reducing costs of operation. Retrofits can also be significant job creators, such as through [a recent project renovating vacant commercial property at 573 Mountain Ave in Winnipeg](#). Manitoba Housing has procured retrofitting services from several social enterprises in Manitoba who support workforce integration, training, and meaningful employment for people with barriers to employment. Small non-profit housing organizations on their own struggle to apply for funding and oversee retrofit projects as they lack the human resource capacity. The government can play an important role in scaling up the demand for retrofitting work and assisting retrofits of housing owned or operated by community-based organizations.

Investing in Our Communities

1. Renew and restructure the Building Sustainable Communities program for community-led development with multi-year, streamlined funding.

Communities in Manitoba require strategic investments to support their long-term development and health. The Building Sustainable Communities program could produce stronger outcomes and align with government priorities with the following characteristics making up its renewal:

- a) An evidence-based, targeted approach with a clear mandate and outcomes for community development across Manitoba, including a focus that identifies and invests in key neighbourhoods and communities in the greatest need of physical, social, and economic revitalization as defined in the Neighbourhood Renewal Act.
- b) Multi-year funding agreements to a maximum of five years for eligible community-based organizations, including core funding commitments to Neighbourhood Renewal Corporations (NRCs). Funding should include administrative, program, and project costs, including funding for program salaries, evaluation and outcome reporting, and cost of living increases. Long-term, effective NRC projects (previously funded by the Neighbourhood Renewal Fund) should be brought into core funding agreements.
- c) Effective communication channels between the Province of Manitoba and CBOs by reducing red tape and the administrative burden for application, renewal, and reporting, and renewing reporting and outcome measuring mechanisms in collaboration with CBOs.
- d) Predictability of provincial funding including an agreed-upon and adhered to payment schedule, helping CBOs leverage funding from other non-government sources, and enabling more organizational stability and sustainability.

2. Resource and enable the Manitoba Social Finance Working Group to establish provincial financing opportunities for enterprising non-profits, social enterprises, and cooperatives that are sensitive to the unique needs of these organizations and that contribute to further social innovation.

Social Finance plays an important role in supporting the work of community-based organizations, non-profits, cooperatives, and social enterprises addressing complex societal challenges and working to address and reduce poverty.

The Manitoba Social Finance Working Group (MSFWG) has been gathering since 2016 to identify gaps, challenges, and opportunities in the financing ecosystem for these organizations. The informal working group comprises organizations, networks, and funders. Staff of the Social Innovation Office have also been active members of the working group.

Access to the appropriate capital and financing is essential to the sustainability and success of any organization, including for those actively working on addressing and reducing poverty in Manitoba.

Manitoba currently lacks a social finance intermediary with an appropriate mandate to access the Federal Social Finance Fund and the broader social finance market. Most social finance intermediaries in Canada have required operating subsidies for at least start-up and until a sufficient scale can be reached. These intermediaries are generally more aligned with the unique needs of social enterprises, cooperatives, and CBOs. The provincial Venture Capital Strategy does not match the financing needs of these organizations.

The Department of Economic Development & Jobs can coordinate with the Social Innovation Office, which has a mandate to “[support] areas across government to implement innovative solution development, for example through social financing, social enterprise, and social procurement.”

3. Strengthen and utilize the Community Enterprise Development Tax Credit as a financing tool for Manitoba community groups, cooperatives, and social enterprises.

Various financing models catered to local contexts are succeeding in supporting CED initiatives across Canada. Some include the mobilization of individuals as investors and the provision of equity investments with financial incentives.

The Province of Manitoba has created the CED Tax Credit that has been successfully used to support approximately one dozen community enterprises around Manitoba, with investments of approximately \$2.25 million as of 2012, and there is more opportunity to facilitate more private investment in community initiatives.

The CED Tax Credit can be strengthened specifically by:

- a) Streamlining and simplifying the application process for CED Tax Credit status, removing unnecessary administrative challenges, and ensuring the responsible office is positioned in an appropriate government department with sufficient capacity and expertise.

- b) Creating and implementing marketing tools in consultation with industry stakeholders to ensure community enterprises know the steps required to effectively apply for CED Tax Credit status as well as to sell shares.
- c) Supporting a central resource housed in the cooperative community to champion the CED Tax Credit, through public promotion, applicant support and increasing capacity within the community economic development network.
- d) Developing a strategy and tools to educate and train co-op developers, existing cooperatives in Manitoba, economic development officers and others involved in business and co-op development in Manitoba to ensure that they are confident in using and supporting the use of the CED Tax Credit model.
- e) Create additional tax incentives for investment term renewals after five and ten years to further encourage investing in community enterprises.