

Recommendations towards an Inclusive and Sustainable Manitoba Economy

2024 PRE-BUDGET SUBMISSION TO THE HONOURABLE ADRIEN SALA,
MINISTER OF FINANCE

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Canadian
CED Network
Réseau canadien
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Background

This document has been prepared by the Canadian CED Network - Manitoba (CCEDNet Manitoba) for the Honourable Adrien Sala, Minister of Finance for the Province of Manitoba. Our Network hopes the information contained assists the Province of Manitoba as it prepares Budget 2024.

Our Network stands behind these recommendations as contributing to key priorities for our province: an inclusive economy & economic reconciliation, Manitoba jobs for Manitobans, making life more affordable with energy efficient social housing, community benefits for big projects, and safer & healthier communities.

The public policy solutions presented here are based on the innovative Community Economic Development model. This approach involves place-based, community-led action that strengthens local ownership and control and engages the assets and capacity of community members.

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 taking 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.

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Detailed Recommendations

An Inclusive Economy & Economic Reconciliation through Community Economic Development

1. Create a Manitoba Social Enterprise Strategy to spur the development and scaling of the sector.

- a. Provide multi-year funding for a community-led strategy, with a government and sector decision-making body, ability to adjust work plans annually with sector engagement, strategic management by CCEDNet Manitoba, and alignment with other provincial educational and workforce development strategies
- b. Support a set of sector development activities planned using sector-engagement and the 6 pillars of social enterprise development (skills & capacity, markets, finance, impact measurement, regulatory environment changes, and sector network development)

Social enterprises are building up our local economies while strengthening the social fabric of our communities. They often take a ‘triple bottom line’ approach - considering people, planet, and profit. Manitoba needs more of this approach. And the provincial government can help make it happen. Manitoba’s budget can foster the growth of more CED enterprises through strategic development support, contributing to inclusive economic development and strengthening economic reconciliation.

Social enterprises working in a large variety of sectors strategically use a business model that blends and values both social and financial impact. Surplus revenue is reinvested into the social or environmental mission of the enterprise. Outcomes include local employment and addressing labour shortages, local asset and wealth-building, reduced recidivism, reduced number of children in care, and reduced poverty.

In Manitoba, there are examples of standalone social enterprises operating off the goods and services they sell in the marketplace. There are also many non-profit, community-based organizations enterprising in a variety of ways while supporting social, economic, cultural, and/or environmental needs of their communities.

Since 2018, there hasn’t been a consistent provincial approach to support for this impactful and ready-to-grow economic model. These enterprises need the Province of Manitoba’s support, just like small, medium, and large sized enterprises, for continued development and to scale. The model can be leveraged in the new provincial government’s economic development initiatives.

To facilitate a strategy, funding for sector building organizations requires provincial support. Strategy implementation and facilitating partnerships is made easier for government with the support of networks and member-associations that take an ‘ecosystem’ development approach. 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.

2. Create a Manitoba Co-operative Development Strategy to spur the development and scaling of the sector.

- a. Provide multi-year resources for a community-led strategy with a set of sector development activities planned using sector-engagement and cooperative development pillars, adjusting working plans annually, and aligning with other provincial Economic Development strategies
- b. Restore and fill the vacant co-op developer positions within the Department of Economic Development.

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. There are over 275 cooperatives, credit unions and caisses populaires in Manitoba, comprising over 1,000,000 memberships.

Cooperatives create economic democracy, root ownership locally, distribute profits equitably and often create jobs and services in communities where they are otherwise lacking. Supporting and strengthening the cooperative sector is required to achieve positive results for our economy and our communities.

The Province of Manitoba has supported co-op development and has successfully partnered with the cooperative sector. Evidence of co-construction and co-implementation of good policy, public education, and co-op development, including under the Co-op Visioning Strategy, has been present in Manitoba.

A Co-operative Development Strategy would contribute to the new provincial government's inclusive economic development plans and support economic reconciliation particularly in Northern, rural, and inner city communities.

A provincial Social Enterprise Strategy and Co-operative Development Strategy should be deeply connected toward an overarching strategy for growing community economies.

3. Activate the Community Economic Development Committee of Cabinet through a staffing complement with specific positions to implement CED.

Manitoba faces significant economic and social challenges. These complex social, economic, and environmental challenges call for innovative approaches. These challenges must be addressed with a holistic and flexible approach. Community economic development (CED) provides that approach.

Manitoba would benefit from more use of a CED approach and governments can help make it happen. A whole-of-government approach to using CED would mandate its effectiveness across social, economic, and environmental decision-making and set direction for the bureaucracy. The Government of Manitoba already has a built-in committee of cabinet chaired by the Premier. Staffing the committee would activate the potential of CED across all government departments.

4. 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 and there is more opportunity to facilitate more private investment in community initiatives.

The CED Tax Credit can be strengthened specifically by:

1. 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.
2. 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.
3. 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.
4. 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.
5. Create additional tax incentives and increase tax credit limits for investment term renewals after five and ten years to further encourage investing in community enterprises.

Manitoba Jobs for Manitobans

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.

The CED sector, including social enterprises and community-based organizations, is ready to partner with the government of Manitoba towards its goal of Manitoba Jobs for Manitobans, including 10,000 new jobs.

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. Provide additional grants to not-for-profit business and enterprise support services so that low-income people, including those living in rural communities, people with disabilities, and others can receive robust and timely services for accessible business, cooperative and social enterprise development training and consulting supports.

Low-income and rural Manitobans, as well as other groups facing barriers to full participation in the local economy, require tailored services to meet their business development needs. There is a gap of business and enterprise support services for Manitobans that is most acutely felt by the self-employed and would-be entrepreneurs who live on low incomes and/or in rural Manitoba. Community-based agencies continue to deliver small business, cooperative, and enterprise support services; however, some services have ceased, or have been reduced to specific demographic groups due to funding cuts

Community-based agencies have a history of demonstrated success in supporting these clients and communities to develop businesses, cooperatives, and social enterprises. Implementing this recommendation would create jobs, reduce poverty, and reduce government expenditures on social assistance.

3. 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.

4. 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.

Community Benefits for Big Projects

- 1. 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, building from the Manitoba Housing model**
 - c. Purchasing the social, environmental and economic outcomes directly as a program (for instance, purchasing the services of a social enterprise training program that also provides goods and services to government)**

We need to get more bang for our buck and see more community benefits on infrastructure projects and government spending. 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.

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, including for First Nations, Metis, and Inuit people.

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.

Making Life More Affordable with Energy Efficient Social Housing

- 1. Increase the social housing supply by supporting 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. 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.

New and retrofitted housing owned or operated by community-based organizations creates 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.

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, private sector dollars, and financing tools like Land Trusts and Community Bonds.

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.

New builds and retrofits of social and affordable housing stock can contribute to climate and energy reduction targets while reducing costs of operation and creating jobs. The government can play an important role in scaling up the demand for workforce integration social enterprises to assist with building and maintenance.

Safer and Healthier Communities

1. Renew a community-led development, neighbourhood renewal program, particularly targeting places facing higher rates of poverty and social exclusion.

Communities in Manitoba require strategic investments to support their long-term development and health. A new community-led development and neighbourhood renewal program would contribute to safer and healthier communities while bringing people together. A program should include the following characteristics:

- a. Create a renewed neighbourhood renewal, community-led development program that is evidence-based with a targeted approach with a clear mandate and outcomes for community development across Manitoba. This should include 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). NRCs are core anchor institutions of a provincial community development program. Funding should support:
 - a. Development of 5-year plans, local board and leadership development, and community engagement
 - b. Implementation of plans, including funding for administrative, program, and project costs, program salaries, evaluation and outcome reporting, and cost of living increases. Long-term, effective NRC projects should be brought into core funding agreements. Funding should be predictable based on an agreed-upon and adhered to payment schedule, helping CBOs leverage funding from other non-government sources and enabling more organizational stability and sustainability.
- c. A program-focused community development funding pot accessed by community-based organizations including Indigenous-led organizations, place-based non-profits, neighbourhood groups, non-profits who represent residents and other local interests and who strengthen local capacity and revitalize communities through a broad range of locally planned and supported initiatives. This funding pot should support community renewal in neighbourhoods facing higher rates of poverty and social exclusion, contributing to five-year plans developed by NRCs. It can also be used to support inclusive economic development initiatives, including job creation goals, social enterprise development, and training programs.
- d. Create a separate capital program for neighbourhood renewal available across the province. This would separate capital funding for municipalities, First Nations, and all community non-profits from program-based funding for non-profits operating in communities in greater need of economic, social, and physical development. Ensure that a capital program includes an equity lens toward funding projects led by equity-seeking communities. Ensure the capital program outlines the role of the province as a primary funder that can be leveraged for other sources.
- e. Fund sector development and networks/member-associations to strengthen collaboration and capacity building among community development agencies and those receiving funding. This would promote effectiveness, professional development, sustainability within the sector, and

an 'ecosystem' approach to the community development network in Manitoba through organizations offering these services.