

Recommendations towards an Inclusive and Sustainable Manitoba Economy

2025 PRE-BUDGET SUBMISSION TO THE HONOURABLE ADRIEN SALA, MINISTER OF
FINANCE

December 2024



Canadian
CED Network
Réseau canadien
de DÉC

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 2025.

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. 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

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

Inclusive Economic Development through the Social Economy and CED

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

Equitable Employment while Investing in Communities and the Environment

1. **Community Benefits in Procurement:** Ensure that procurement prioritizes equitable hiring and employment, particularly for groups facing barriers to employment, fosters climate resilience and supports local economies, through procurement policies including:
2. **Support access to Good Work in Manitoba:** Stabilize and increase workforce training funding for organizations and/or social enterprises who work alongside low-income communities/individuals with barriers.
3. **Green Infrastructure and Job Creation:** Prioritize green infrastructure projects and building retrofits while creating decent jobs, especially within Indigenous communities, to support both environmental sustainability and economic equity. To begin, start with a focus on housing:

Enabling Social Finance in Manitoba

1. **Strengthen the Social Finance Ecosystem:** As part of a future Social Economy and Social Enterprise Strategy, provide backbone resources to support the *Manitoba Social Finance Working Group* in their work focused on expanding the social finance ecosystem in Manitoba. This will enable the growth of more innovative tools that can support CED initiatives.
2. **Provide backbone support for Manitoba's only social finance intermediary:** Increasing the operating grant for the Jubilee Fund, enabling it to scale its operations and manage increased impact investing activities, particularly due to investment from the Federal Social Finance Fund.

- 3. Enhance the CED Tax Credit:** Increase the CED Tax Credit's lifetime cap from \$3 million to \$6 million, allow sales of \$1 million in shares with a maximum individual share purchase of up to 10% per investment round, and make programmatic changes to strengthen the visibility and ease of access to the CED Tax Credit.

Expanding From the Ground Up to create healthier, safer communities

- 1. Increase Multi-Year Funding Agreements** for Neighbourhood Renewal Corporations (NRCs) as core 'anchor institutions' that facilitate community-led development through 5-year plans, community engagement, and affordable housing investments.
- 2. Enhance Program-Focused Community Development** by increasing the funding available in the program for community-based organizations, particularly Indigenous-led groups, women's centres, family resource centres, and nonprofits.
- 3. Increase funding available for Capital Projects** for neighbourhood renewal, particularly in equity-seeking communities, with an emphasis on the province being a primary funder.
- 4. Further support community non-profits** beyond this program by creating a **Manitoba Community Non-Profit Strategy** with an assigned home-in-government tasked with championing the role community non-profits play in Manitoba's economy and communities

Detailed Recommendations

Inclusive Economic Development through the Social Economy and 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 can harness the power of CED in its economic development plans and address social development goals through supporting the Social Economy and CED through two related strategies.

Recommendations:

- 1. Create a Manitoba Social Enterprise Strategy to spur the development and scaling of the sector.**
 - 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
 - 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)
- 2. Create a Manitoba Co-operative Development Strategy to spur the development and scaling of the sector.**
 - 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
 - Restore and fill the vacant co-op developer positions within the Department of Economic Development.

Rationale:

Manitoba would benefit from more use of a CED approach and governments can help make it happen. A whole-of-government strategy to support two CED models - social enterprises and cooperatives - would further their ability to achieve social, economic, and environmental goals.

- Social Enterprises help create more inclusive Manitoba economy
 - 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.
- 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.
 - Cooperatives help create a more resilient local economy
 - 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.
 - 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.

Equitable Employment while Investing in Communities and the Environment

In Budget 2025, Manitoba should fund programs that strengthen equitable employment as a key component of Manitoba's Economic Development strategy. Manitoba can address multiple social, economic, and environmental challenges by creating opportunities for communities facing economic exclusion, promoting sustainable development, and supporting climate resilience.

Recommendations:

- 1. Community Benefits in Procurement:** Ensure that procurement prioritizes equitable hiring and employment, particularly for groups facing barriers to employment, fosters climate resilience and supports local economies, through procurement policies including:
 - 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
 - Creating set-asides in purchasing for access by social enterprises, cooperatives, and/or non-profits, building from the Manitoba Housing model
 - 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)
- 2. Support access to Good Work in Manitoba:** Stabilize and increase workforce training funding for organizations and/or social enterprises who work alongside low-income communities/individuals with barriers.
 - This includes fulfilling the Truth & Reconciliation Commission's Call to Action #92 by providing equitable access to jobs, training, and education for Indigenous peoples through multi-year resources for Indigenous-led community organizations.
- 3. Green Infrastructure and Job Creation:** Prioritize green infrastructure projects and building retrofits while creating decent jobs, especially within Indigenous communities, to support both environmental sustainability and economic equity. To begin, start with a focus on housing:
 - 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.

Rationale:

These recommendations should be adopted in Budget 2025 due to several pressing issues in Manitoba that require targeted action to address systemic inequalities and environmental challenges:

- **Economic Inequality and the Need for Equitable Employment**
 - **Impact of COVID-19:** The economic recovery from the COVID-19 pandemic has been uneven, with marginalized groups such as recent immigrants, racialized communities, and single-parent families facing disproportionate levels of poverty and food insecurity. According to the 2022 Canadian Income Survey, food insecurity rose to 22.9%, while 9.9% of Canadians lived below the poverty line.
 - **Austerity's Long-term Effects:** Manitoba is still experiencing the effects of austerity measures implemented prior to and during the COVID-19 pandemic. Research shows that these cuts led to significant losses in labor income (\$981 million to \$1.179 billion), tax revenue (\$157 to \$189 million), and provincial GDP (\$1.289 billion to \$1.525 billion). These financial losses continue to hurt local economies and hinder inclusive growth.
- **Climate Change and the Need for Sustainable Development**
 - **Record Wildfire Seasons:** 2023 marked a record-setting wildfire season in Canada, driven by climate change. Extreme weather events like these disproportionately affect marginalized communities, emphasizing the urgent need to reduce carbon emissions and promote climate resilience.
 - **Green Jobs and Sustainability:** Addressing climate change requires large-scale investment in green infrastructure projects and building retrofits that not only contribute to sustainability but also create decent jobs for vulnerable communities. These initiatives are essential in reducing emissions while fostering economic recovery.
- **Policy Alignment with Social Justice and Indigenous Rights**
 - **Fulfilling Truth & Reconciliation:** The proposal supports the Truth & Reconciliation Commission's Call to Action #92, which calls for equitable access to employment and training opportunities for Indigenous peoples. This proposal emphasizes community-led training and resources for Indigenous organizations that provide long-term supports to Indigenous job seekers, helping to bridge the employment gap and support inclusive hiring practices in the workplace.

Enabling Social Finance in Manitoba

Enhance and expand social finance activities in Manitoba by providing targeted support to the ecosystem in Budget 2025.

Recommendations:

- 1. Strengthen the Social Finance Ecosystem:** As part of a future Social Economy and Social Enterprise Strategy, provide backbone resources to support the *Manitoba Social Finance Working Group* in their work focused on expanding the social finance ecosystem in Manitoba. This will enable the growth of more innovative tools that can support CED initiatives.
- 2. Provide backbone support for Manitoba's only social finance intermediary:** Increasing the operating grant for the Jubilee Fund, enabling it to scale its operations and manage increased impact investing activities, particularly due to investment from the Federal Social Finance Fund.
- 3. Enhance the CED Tax Credit:** Increase the CED Tax Credit's lifetime cap from \$3 million to \$6 million, allow sales of \$1 million in shares with a maximum individual share purchase of up to 10% per investment round, and make programmatic changes to strengthen the visibility and ease of access to the CED Tax Credit.

Rationale:

These recommendations are built on a compelling need to develop and expand the social finance ecosystem in Manitoba. Below are the key reasons why this initiative is essential:

- **Benefits of Social Finance**
 - Social Finance activities provide much-needed capital flow to non-profit community organizations, social enterprises, and cooperatives who are leading work strengthening Manitoba's communities
 - The Government of Manitoba has expressed interest in fostering innovation, effective practices, and enhanced economic development. Social enterprises and cooperatives are key drivers for innovative economic development. Renewed commitment to social finance will ensure the sector has the resources and infrastructure to grow, capture opportunities, and contribute to the province's economic development goals.
- **Support for the Social Finance Ecosystem**
 - The *Manitoba Social Finance Working Group* has been active since 2016 in identifying gaps, challenges, and opportunities within Manitoba's social finance ecosystem. However, additional resources are needed to enable the working group to expand its efforts and strengthen the social finance ecosystem in Manitoba.

- The Jubilee Fund is currently a key social finance intermediary in Manitoba, and its ability to scale operations is crucial for managing new investment flows, particularly from the Federal Social Finance Fund. Increased support for the Jubilee Fund will help it meet growing demand for impact investing, thereby increasing its capacity to mobilize resources for social enterprises, cooperatives, and non-profits in the province.
- The federal government's Social Innovation and Social Finance Strategy, which includes the \$755 million Social Finance Fund and the Investment Readiness Program (IRP), highlights the importance of supporting social purpose organizations. However, local sectors are struggling to leverage these opportunities due to a lack of organized support at the community level. The provincial government's investment in social finance will complement federal initiatives and enable Manitoba organizations to tap into these opportunities.
- **Community Enterprise Development Tax Credit**
 - Manitoba already supports social finance through tax credits, providing an important tool for cooperatives and social enterprises through the CED Tax Credit. This tax credit has proven effective in supporting local initiatives across the province. There is significant potential to unlock further private investment and foster more community-driven enterprises by implementing the recommendations above.

Expanding From the Ground Up to create healthier, safer communities

In Budget 2025, increase funding and support for the *From the Ground Up: Safe, Healthy Communities for All* program to expand its focus on **place-based, targeted, community-led development (CLD)**. The goal is to support communities in the greatest need of physical, social, and economic revitalization by implementing the following recommendations:

Recommendations:

1. **Increase Multi-Year Funding Agreements** for Neighbourhood Renewal Corporations (NRCs) as core ‘anchor institutions’ that facilitate community-led development through 5-year plans, community engagement, and affordable housing investments.
2. **Enhance Program-Focused Community Development** by increasing the funding available in the program for community-based organizations, particularly Indigenous-led groups, women’s centres, family resource centres, and nonprofits.
3. Increase funding available for **Capital Projects** for neighbourhood renewal, particularly in equity-seeking communities, with an emphasis on the province being a primary funder.
4. Further support community non-profits beyond this program by creating a **Manitoba Community Non-Profit Strategy** with an assigned home-in-government tasked with championing the role community non-profits play in Manitoba’s economy and communities

Rationale:

These recommendations are grounded in the critical need for enhanced and sustained investment in community-led development (CLD) in Manitoba by improving *From the Ground Up*.

- **Provincial Commitment to Community-Led Development**
 - **Proven Success of Neighbourhood Renewal Corporations (NRCs):** NRCs have been effective in engaging over 560,000 community members between 2000 and 2017. These organizations have created over 1,200 jobs and have attracted millions in investment to improve local housing and community infrastructure. Increasing multi-year funding for NRCs will allow them to continue and expand this vital work, creating lasting, community-driven change.
 - **Success of Past Models:** The **Neighbourhoods Alive!** program, although ended in 2017, was a successful CLD model that demonstrated the effectiveness of long-term, strategic community investment. Expanding the **From the Ground Up** program can build on this success by investing in similar principles of community self-determination, local leadership, and long-term planning.

- **Importance of Multi-Year Funding:** Evaluations have shown that community organizations benefit greatly from multi-year funding agreements. This type of funding supports long-term, strategic initiatives, enables CBOs to leverage additional resources, and allows for sustained, innovative solutions to local challenges. This proposal calls for an increase in multi-year funding agreements, which are critical for maintaining momentum in community development projects.
- **Addressing the Impact of Austerity and Inflation**
 - **Loss of Funding Due to Austerity:** Community development funding has significantly decreased since the 2016 cuts, with the budget for community development peaking in 2011/12 at \$17 million. The *From the Ground Up* program, which replaced the Building Sustainable Communities Program, is a step forward, but it needs to be expanded to address the long-term impacts of austerity and inflation, ensuring that community-led initiatives have the resources they need to succeed.
 - **Rising Inequality and Affordability:** The expansion of the *From the Ground Up* program can directly contribute to addressing issues like rising inequality and affordability by supporting community revitalization efforts, including affordable housing, social enterprises, and youth job programs.
- **Supporting Provincial Social, Economic, and Environmental Goals**
 - **Alignment with Provincial Strategies:** By focusing on community-led development, the program aligns with broader provincial priorities like the **Poverty Reduction Strategy, Climate Action Plan, and Housing & Homelessness Strategies**. It will enable community-based organizations (CBOs) to play an active role in achieving these goals by integrating them into community-level development projects.
 - **Holistic Community Development:** CLD approaches enable communities to take ownership of their growth and development, focusing on the physical, social, and economic revitalization of neighborhoods. This includes projects like greening initiatives, cultural programming, and revitalized public spaces that improve overall community health, safety, and stability.