

**WRITTEN SUBMISSION FOR THE HOUSE OF COMMONS FINANCE COMMITTEE
PRE-BUDGET CONSULTATIONS IN ADVANCE OF THE 2025 FEDERAL BUDGET
FROM:**



Canadian Community Economic Development Network (CCEDNet)

819-795-3056

info@ccednet-rcdec.ca

<https://ccednet-rcdec.ca>

August 2024

CCEDNet Recommendations

CCEDNet is a national membership of people and organizations committed to strengthening communities by creating economic opportunities which enhance social and environmental conditions for all.

CCEDNet calls on the Government of Canada (GoC), guided by principles related to Indigenous reconciliation, intersectionality, and co-creation, to:

1. Launch a Social and Solidarity Economy (SSE) Ecosystem Program.
2. Following the lead of jurisdictions around the world and in Quebec advancing an SSE agenda, implement framework legislation with specific mechanisms and measures to strengthen the Social Innovation and Social Finance (SISF) ecosystem in Canada.
3. Integrate a SSE approach into the GoC's housing policies.

Transforming the Economy in Canada: Advancing a Social and Solidarity Economy

We are being called to act. Communities across Canada are facing unprecedented social, economic, and environmental challenges – the sense of crisis and polarization is palpable. Overcoming these challenges – rooted in economic systems which divide us, treating people and the planet as commodities – requires more than minor adjustments to current practices. In order to move towards a just and democratic society, we must transform the economy. Approaches to economic growth which promote building strong, resilient, and sustainable communities and put people and the planet before financial profit – social and solidarity economies – are gaining momentum globally.

What is the Social and Solidarity Economy?

The social and solidarity economy (SSE) refers to a diverse range of organizations and enterprises which prioritize social, environmental, and community objectives over profit maximization. It encompasses various forms of economic activity, including cooperatives, mutual societies, associations and nonprofits, foundations, and social enterprises, all which aim to address social challenges, promote democracy and inclusion, and foster sustainable development. The SSE advances community economic development. It also plays a crucial role in achieving the Sustainable Development Goals by fostering inclusive economic growth, reducing inequalities, and promoting responsible consumption and production.

What is the Social Innovation and Social Finance Strategy?

In Canada, the social and solidarity economy has always existed under different labels. Québec is recognized globally for its leadership in the social economy, and the Government of Canada (GoC) has started to move in this direction with the Social Innovation and Social Finance Strategy (SISF).

In 2018, following a year-long engagement process, the GoC appointed a Co-creation Steering Group (17 social innovation and social finance leaders, practitioners, and experts from community, philanthropy, finance, and research) which released a federal SISF Strategy entitled, *Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities*.

However, implementation of the 12 recommendations has been slow, with action on only three to date. The 2018 Fall Economic Statement announced a \$755M Social Finance Fund (SFF) and \$50M Investment Readiness Program (IRP); the 2021-22 Federal Budget re-affirmed commitments to launch the SFF and renew the IRP for another \$50M over two years; and in 2023, the Social Innovation Advisory Council was launched and the SFF fund managers were announced.

How can the Social Innovation and Social Finance Strategy advance the Social and Solidarity Economy?

Around the world, momentum is building for better economic practices. International organizations, such as the United Nations (UN) International Labour Organization, the UN Research Institute for Social Development, and UN observer Organisation for Economic

Co-operation and Development, have declared support for the SSE. The European Union supports SSE through programs like the European Social Fund. Argentina, Brazil, Colombia, France, Italy, Japan, Portugal, Senegal, South Africa, South Korea, and Spain support the SSE through various policies, programs, and institutional frameworks. In Canada, Quebec has a robust framework for supporting the social economy.

The SISF Strategy is the primary path by which the GoC could accelerate this transformation across Canada. SISF business models and activities create value by providing needed goods and services while transforming social and environmental costs into assets.

Guiding Principles

The shift towards resilient economies starts with community-driven processes which advance local action to create economic development opportunities while enhancing social and ecological well-being. Concrete efforts are made to include people often excluded from decision-making processes which directly impact them. CCEDNet's efforts are guided by the following principles:

Acceleration of Reconciliation with Indigenous Peoples

Indigenous Peoples have long been advocating for a new and just relationship. The GoC committed to achieving reconciliation with Indigenous peoples through renewed, nation-to-nation, government-to-government, and Inuit-Crown relationships.

CCEDNet advocates for all orders of government to respond to the following calls and principles from the Truth & Reconciliation Commission, National Inquiry into Missing & Murdered Indigenous Women & Girls, and United Nations Declaration on the Rights of Indigenous Peoples Act:

- Recognize and respect Indigenous Peoples' right to self-determination including the inherent right to self-government in the pursuit of economic and social development which will require: a renewed fiscal relationship, developed in collaboration with Indigenous nations, promotes a mutually supportive climate for economic partnership and resource development; economic and social progress and development on an equitable basis; community-based supports and solutions designed to improve social and economic security; and long-term, sustainable funding
- Commit to meaningful engagement/consultation, build respectful relationships, and obtain the free, prior, and informed consent to actions which impact Indigenous Peoples and their rights, including land, territories, and resources, before proceeding with economic development projects
- Ensure Indigenous Peoples have services and infrastructure meet social and economic needs, and have access to safe housing, clean drinking water, and adequate food
- Ensure Indigenous Peoples have equitable access to jobs, training, and education opportunities, and Indigenous communities gain long-term sustainable benefits from economic development projects

Integration of an Intersectional Approach

Intersectionality is concerned with institutional and systemic barriers to equality. In 1989, Kimberlé Crenshaw coined the term "Intersectionality" in "Demarginalizing the Intersection of Race and Sex", to help explain the oppression of African-American women arguing the experience of being a Black woman cannot be understood independently of being either Black or a woman, but rather include intersections between the two identities (race and gender).

Today, the analysis has expanded to include (but is not limited to): class, sexual orientation, gender identity, ability, age, culture, and language. Intersectionality:

- Starts with practicing equity, inclusion, and diversity
- Moves from merely describing similarities and differences distinguishing systems of oppression to focusing on how these systems interconnect and interact
- Sees privilege and power as an interactive system: a matrix of domination, exploitation, and oppression where, depending on the context, one may benefit, be penalized, or (most likely) both benefit and be penalized by a system of oppression

Pursuit of a Just Transition

Community economies can be sites of transformation and offer practical opportunities to address the ecological and climate crises in ways which enhance equity and well-being for all.

Transformation can include creating new and stronger relationships to foster innovative and sustainable economies. While a focus on physical infrastructure is necessary for the transition away from fossil fuels, a lack of focus on social infrastructure may exacerbate underlying inequities in the labour market and the broader economy, undermining the potential to deliver on a physical infrastructure agenda.

Hadrian Mertins-Kirkwood outlined five principles for a just transition in Canada (2021):

- Recognizes and respects rights including human, labour, Indigenous, and those of future generations
- Involves affected workers and communities as partners in determining their own paths forward
- Expands the social safety net to ensure affected workers and communities don't bear an unfair burden
- Creates new economic opportunities for affected workers and communities
- Includes workforce development and integrates historically marginalized and equity-seeking groups to ensure the economic benefits of transition are widely shared

Recommendations

1. Launch a Social and Solidarity Economy (SSE) Ecosystem Program which:
 - Is based in Innovation, Science, and Economic Development Canada (ISED) and includes activities related to access to business development programs and capital, capacity building, research and evidence, knowledge mobilization, and awareness, akin to ISED's Aboriginal Entrepreneurship Program, Black Entrepreneurship Program, and Women's Entrepreneurship Strategy
 - Builds on the successes and lessons learned from the Investment Readiness Program (IRP). Ending the ecosystem and capacity building IRP just as the Social Finance Fund (SFF) was launched reduces the pipeline of viable investments available for SFF capital. A viable and growing SSE sector requires co-ordinated and simultaneous skills development finance provision, market access, impact measurement, and networks.
 - Provides long-term funding for ecosystem-building in order to:

- Improve SSE organizations' access to federal innovation, business development, and skills training programs which accelerate the development of Canada's SISF ecosystems
- Coordinate a national SISF awareness campaign to increase understanding of Canadians' roles as innovators, volunteers, donors, consumers, and investors to create better outcomes in communities, e.g. highlight social innovations, foster cross-sector partnerships and multi-sector involvement, and support and reach youth and marginalized groups.
- Create a research and knowledge mobilization initiative to expand the evidence base and coordinate data, research, and information-sharing across social innovation ecosystems in Canada.
- Advance the Treasury Board Directive and Public Services and Procurement Canada's policy shift from lowest price to best value, by supporting education, technical advice, and intermediary services to Social Purpose Organizations and purchasers
- Support business succession to co-op and non-profit models through access to existing funding programs and amendments to policies, legislation, and regulations and, in particular, ensure any tax or other incentives provided to the new Employee Ownership Trust model are also provided to worker-owned co-operatives and multi-stakeholder cooperatives with substantial worker control
 With many small business owners preparing to retire, employee or community buyouts would preserve jobs and services as well as avoid disruptive closures of many small businesses. A level-playing field would enable employees buying the company employing them to have a choice regarding various models of employee ownership.

2. Following the lead of jurisdictions around the world and in Quebec advancing an Social and Solidarity Economic agenda:
 - Implement framework legislation with specific mechanisms and measures to strengthen the SISF ecosystem in Canada
3. Integrate a Social and Solidarity Economy approach in GoC's housing policies which:
 - Ensures housing policy ensures social and economic benefit, and sufficient financial investment
 - Challenges the commercialization of housing, given it is a fundamental human right
 - Prioritizes nonprofit, cooperative, community, and public ownership models
 - Ensures communities have access to high-quality social infrastructure
 - Ensures public land development includes more affordable housing and community benefit

CCEDNet Member Recommendations:

Cooperatives and Mutuals Canada (CMC)

- Ratify the tax-deferred Co-operative Share Program as a permanent fiscal measure
- Establish a federal co-operative investment plan
- Ensure co-operative entrepreneurs and their related Canadian-controlled private corporations can access the small business deduction
- Consider indivisible reserves as non-profit capital for taxation purposes
- Create a Canadian co-operative capacity building program
- Re-establish and resource a co-operatives secretariat or dedicated centre.

Canadian Worker Co-op Federation (CWCF)

- Promote business conversions to co-operatives for corporate succession planning
- Implement the tax incentives announced for worker co-operatives in harmony with incentives provided to Employee Ownership Trusts
- Support CWCF's Building Community Resiliency Program to maintain and create jobs and businesses, primarily through conversions to worker co-operatives, with a focus on equity-denied groups
- Amend the Income Tax Act to create tax fairness for worker co-operatives.

Buy Social Canada (BSC) & Social Enterprise Council of Canada (SEEC)

- Recognize the non-profit social enterprise business model as a strategic means for government to meet its economic, social, and environmental goals; and expand and fund government support for non-profit social enterprise business capacity and access to finance
- Ensure the inclusion of social enterprises in the implementation of the Federal Social Procurement Policy, as a strategic means for the government to meet the policy's objective of enhancing best value in procurement
- Accelerate social and diverse procurement implementation by engaging with and supporting diverse, social, and Indigenous intermediary services to support emerging suppliers' procurement readiness and to further cross-sector relationships with Tier 1 suppliers
- Support and fund the entire implementation of the Social Innovation and Social Finance Strategy recommendations, including immediate multi-year re-funding of the Investment Readiness Program
- Support and fund community-based intermediary services to ensure and enhance the implementation of the existing Community Employment Benefit Initiative and Community Benefit Agreements on all federally funded infrastructure and construction projects.