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To:  
House of Commons Standing Committee on Finance  
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From:  
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### **Pre-Budget Consultation Submission**

## **The Federal Budget Opportunity: Leveraging Social Value from Existing Spending**

Federal budget recommendations are most often concerned with one of two issues: how to 'save' through cuts or where to 'spend' more. Notwithstanding the challenging decisions of less or more, ***we recommend adding a social impact assessment across the entire budget that will leverage greater value from every spending allocation.***

Applying a social value lens across the 2016 Federal Budget will enhance current allocations' capacity to meet Ministry budget criteria *AND* address critical complex social issues, such as targeted employment, poverty, health care, housing and more.

### ***2016 Federal Budget Recommendations:***

- 1. Implement a Social Purchasing Policy on all Government Spending***
- 2. Leverage Infrastructure Investments for Social Impact***
- 3. Support Social Enterprise Capacity Building***

Every budget priority and allocation decision should measure success with a *blended* evaluation scale: financial, social and environmental.

- The silos of spending are a past practice; cross-ministerial goals and mandates of collaboration and integration have to be the new norm and reflected across government budgets and reporting.
- Integrating social and environmental sustainability criteria across the entire budget will be an invaluable, innovative, and revitalized approach to serving the needs of the country.
- The federal government budget is not a goal of balancing digits; it is the means government uses to meet ministerial short and long-term mandates and impacts.

### **Recommendation #1:**

#### **Implement a Social Purchasing Policy on all Government Spending**

The Federal Government can maximize the value of every tax dollar spent by implementing a Social Purchasing Procurement policy.

- Social purchasing is part of the Ministry of Public Services and Procurement mandate letter: "...and include practices that support our economic policy goals, including green and social procurement."
- The recent HUMA Social Finance Report recommendations included: *"The Committee recommends that Employment and Social Development Canada, in collaboration with relevant federal departments and agencies, explore social procurement."*<sup>1</sup>

Social purchasing adds social impact criteria to all government spending. Social purchasing uses existing spending to create added value through direct purchases or as part of a supply chain. Social purchasing creates social impacts with no added costs. ([www.buysocialcanada.ca](http://www.buysocialcanada.ca))

Every purchasing item in government's spending should examine its capacity to leverage social value as evaluation criteria along with price, quality and environment.

- For instance, the cost savings along with social impact generated through

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<sup>1</sup> <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=7992744&Language=E&Mode=1&Parl=41&Ses=2>

creating targeted employment opportunities from an existing spend for services will ripple across the budget - including savings in health, prisons, welfare, etc.

There are many examples of where social enterprise businesses provide employment for targeted employees, addressing issues such as homelessness, Immigrant opportunities and social inclusion, lower recidivism for those exiting the justice system, and more.<sup>2</sup> Social purchasing is a means to ensure “that the most vulnerable don't get left behind”.

- As an example, through the existing contracting process the Federal government could direct their contractor for building maintenance to enter into a Community Benefit Agreement, CBA. The CBA could include subcontracting to social enterprise businesses that employ Persons with Disabilities. The cost of the maintenance does not change, but the impact is doubled, the maintenance service is provided for PWGSC, jobs are created for an under-employed sector, and saving costs for Employment and Social Development Canada.

This purchasing model is not new to government procurement policy or practice; rather it is similar to government's existing efforts to enhance Aboriginal opportunities or to meet environmental goals through existing purchasing. A research report prepared for Employment and Social Development Canada, ESDC, *Exploring Social Procurement*, provides background and recommendations on SIP.<sup>3</sup>

- The Social Value Act in UK and Scotland's government purchasing initiatives<sup>4</sup> and the BC MSDSI SIP Guidelines<sup>5</sup> are valuable models for the Canadian government to consider in developing similar guidelines.

## **Recommendation #2:**

### **Leverage Infrastructure Investments for Social Impact**

Infrastructure investments are critical, but not merely as a short-term economic and employment stimulus. The opportunity is deeper, to leverage these expenditures and build a more equitable and fair future.

- Every infrastructure expenditure can be leveraged to create a social value in addition to their intended economic and employment values.

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<sup>2</sup> <http://www.socialenterprisecanada.ca/en/newsroom/>

<sup>3</sup> [http://buysocialcanada.ca/files/2014/05/Exploring-Social-Procurement\\_ASI-CCC-Report.pdf](http://buysocialcanada.ca/files/2014/05/Exploring-Social-Procurement_ASI-CCC-Report.pdf)

<sup>4</sup> <http://www.legislation.gov.uk/ukpga/2012/3>  
<http://www.gov.scot/Publications/2013/08/8854/3>

<sup>5</sup> British Columbia Ministry of Social Development and Social Innovation Social Impact Procurement <http://www.sdsi.gov.bc.ca/social-innovation/docs/si-purchasing-guidelines.pdf>

Infrastructure investments can provide the opportunity to leverage an added social value impact if:

- All infrastructure contracts and recipients are required to include a social impact-scoring component along with price, quality, and environment.
- All infrastructure investments and programs include a Community Benefit Agreement.

### **Recommendation #3:**

#### **Support Social Enterprise Capacity Building**

The current government has identified social enterprise as an opportunity to use business models to achieve social outcomes and support non-profit mission delivery and sustainability. Social enterprises are community-based businesses that sell goods or services in the market place to achieve a social, cultural and/or environmental purpose; they reinvest their profits to maximize their “social mission.”<sup>6</sup>

Building a social value into existing purchasing will create more demand for social enterprise businesses to step up as suppliers.

- Increasing the capacity of the social enterprise sector can be done very effectively by making existing Small and Medium Sized Business budget and programs available to social enterprises. ‘Leveling the playing field’ for social enterprises is a program-tweaking problem with minimum expenditure. There are no regulatory or legislative barriers to 95% of existing SME programs to be able to serve social enterprises, it is an operational issue to be implemented and monitored primarily through Canadian Business Network within Industry Canada.
- We firmly support the Mandate Letters of the Minister of Finance and the Ministers for Employment and Social Development to develop and implement a Social Enterprise and Social Finance Strategy for the Federal Government. We hope to participate and engage with Ministerial staff in this important and critical task.

Please contact me if you would like further information or have any questions on the information provided.

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<sup>6</sup> [www.socialenterprisecanada.ca](http://www.socialenterprisecanada.ca)