

# RECOMMENDATIONS FOR THE 2017 FEDERAL BUDGET



Pre-Budget Submission to the  
House of Commons Standing Committee on Finance  
by the  
Canadian Community Economic Development Network

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## The Canadian Community Economic Development Network

The Canadian CED Network is a national association of community organizations, co-operatives, credit unions, foundations, municipalities and citizens working to enhance the social, economic and environmental conditions of Canada's communities. We have members in all regions of Canada, including urban, rural, northern and Aboriginal community settings. Our head office is in Victoriaville, Québec, with regional staff and member committees throughout Canada. Community Economic Development is citizen-led action to enhance the social and economic conditions of their communities on an integrated and inclusive basis, reducing poverty, unemployment and social disadvantage by building assets and creating opportunities.

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## Introduction

The Canadian Community Economic Development Network is a national association of community organizations, co-operatives, credit unions, foundations, municipalities and practitioners working to enhance the social, economic and environmental conditions of Canada's communities. We have members in all regions of Canada, including urban, rural, northern and Aboriginal community settings.

Community Economic Development is citizen-led action to enhance the social and economic conditions of communities on an integrated and inclusive basis. It reduces poverty, unemployment and social disadvantage by building assets and creating opportunities. What distinguishes CED is its understanding of the interconnectedness of social, economic and environmental issues, and a philosophy that the solutions which tend to be most effective for the complex problems communities face are those that involve and are driven by the people who are directly affected.

Today, it's obvious that the economy is connected to the environment. It's no longer just public health specialists and epidemiologists who know that your health is affected by your income. And businesses are essential to building communities. Taking action to shift the economy to a community level, as part of a move to re-embed social goals in economic choices is a growing trend. We see it in consumer choices for healthy, local food, the creation of new co-ops and social enterprises, and the move towards community and impact investment, to name a few.

Community leaders understand that complex challenges they face require multi-faceted responses. Recent trends in the social economy, social finance, and community resiliency reflect that, expanding the scope of innovative community-based practices tremendously, with examples ranging from new community crowdfunding strategies to impact investing, from Québec's recent social economy law to the UN Task Force on the Social Solidarity Economy.

Our recommendations focus on how the government can implement the measures it has already committed to undertaking in ways that will maximize their impact and value for communities.

## Supporting Canadians

Procurement is a powerful and underutilized tool of government. Better accounting for the social, environmental and economic impact of government spending through social value weighting, will increase benefits to vulnerable communities and individuals, creating accessible education and job opportunities for communities traditionally at the margins or excluded from the economy. Further, a Living Wage requirement for all contractors, including their subcontractors, should be mandatory on all government contracts.

As documented in the 2015 House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities report on Social Finance, CED initiatives have a proven track record for engaging vulnerable populations in the workforce to enhance Canada's productivity, investing in community infrastructure, and creating new opportunities for local investment by community members.

In particular, organizations that provide training and job opportunities for people with barriers to employment can help vulnerable individuals, who often rely on public assistance, transition to becoming employed, tax-paying citizens. This creates both medium- to long-term savings in public expenditures as well as broader benefits for vulnerable communities, while strengthening the labour market and contributing to growth. Community Benefits Agreements are a practical tool for CED initiatives to engage with development projects and create local opportunities. Bill C-227 currently before the House of Commons gives the Minister of Public

Works and Government Services the authority to require an assessment of community benefits from bidders on federal contracts. This model is a valuable first step, building on the experience of other jurisdictions.

## **Recommendations**

- Implement social value weighting in all federal RFPs and contracts.
- Include community benefit agreements in federal development projects.
- Implement a Living Wage requirement for all contractors, including their subcontractors, on government contracts.

## **Supporting Enterprise**

Community enterprises operated by non-profits, co-operatives, and micro-enterprises established by or dedicated to supporting marginalized individuals and communities create wealth and respond to the needs of rural and urban communities. Contrary to popular misconceptions, community enterprises have a higher survival rate than traditional small- to medium-enterprises while offering a positive financial and social return on investment.

Although more than 90% of the federal small and medium enterprise (SME) support programs are allowed under legislation and regulations to serve non-profits and hybrid business models (ie. social enterprises), access to those programs is typically limited by current practices, culture and mandates. Investments to modernize federal SME business support programs would level the playing field for these innovative and emerging business models.

## **Recommendations**

- Expand the capacity and access to existing SME services through the Canadian Business Network and other federal business development programs to enhance business supports and readiness for investment by social enterprises, co-operatives and non-profits. This should be coupled with awareness-raising efforts for government officials to ensure a level playing field for alternative forms of incorporation.

## **Supporting Community Economies and Resiliency**

The transition to a clean, low-carbon economy offers excellent local investment opportunities for urban, rural and remote communities to enhance their resiliency and contribute to economic growth that distributes socio-economic benefits. Community-based projects inspire a new kind of social entrepreneurship, building a strong social licence for clean technologies and empowering local citizens, especially Indigenous peoples, with the opportunity to re-invest clean energy project returns into local infrastructure, health and education.

## **Recommendations**

- Include criteria in new infrastructure investment that prioritize funding for clean energy projects in communities vulnerable to climate change
- Make affordable financing available to communities and project developers through the Canadian Infrastructure Bank, including federal loan guarantees.

## **Partnerships for Implementation**

All these recommendations will be most successful if they are implemented with a partnership approach. A roundtable bringing together representatives from the CED community and relevant government departments would facilitate the ongoing co-construction and refinement of public policy in support of communities. This would provide a process for meaningfully involving the CED sector in the development and regular review of government initiatives to ensure they meet shared public policy objectives.