

Written Submission for the Pre-Budget Consultations in Advance
of the Upcoming Federal Budget



Submitted By:

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and

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Recommendations

#1

Recommend that all Federal Ministries, especially the Ministry of Innovation, Science and Economic Development, ISED, and all regional economic agencies, 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 including in relation to start-up, succession, scaling, and access to finance.

#2

Recommend Public Service and Procurement Canada, PSPC, ensure the inclusion of social enterprises in the implementation of the Federal Social Procurement Policy as a strategic means for government to meet the policy's objective of enhancing best value in procurement.

#3

Recommend that Employment and Social Development Canada, ESDC, support and fund the implementation of the entire Social Innovation and Social Finance Strategy Recommendations, to invest in the people and businesses that will build one Canadian economy, and scale community-driven, outcomes-focused solutions.

#4

Recommend that Infrastructure Canada require the implementation of the existing Community Employment Benefit Initiative or Community Benefit Agreements on all federally funded infrastructure and construction projects to ensure investment into infrastructure projects build resilient and connected communities and build a strong economy that works for everyone.

Background

This government has demonstrated a commitment to lead the evolution of the marketplace from merely a series of economic transactions to a means to create resilient and connected communities, contributing to a strong economy that works for everyone.

This government can leverage existing government infrastructure including policies, programs, and strategic partnerships to show fiscal discipline, spend less, and invest more into the people and businesses that will build an inclusive and resilient Canadian economy.

Social Innovation and Social Finance Strategy

In 2018, following a year-long engagement process, the federal government appointed a co-creation steering group and released the federal Social innovation and Social Finance (SI/SF) Strategy.

Social innovation refers to a response to a social or environmental problem, which, once adopted, results in better solutions than existing approaches. Social innovations have a transformative impact and improve the efficiency and impact of organizations, communities, regions, or systems. Social innovation can include new, more effective social programs; the use of new technologies; and the growth of social enterprises. Social finance is the practice of making investments intended to create social or environmental impact in addition to financial returns. Social finance is a tool that seeks to mobilize private capital for the public good. Canada's social finance market is a major source of financing for social purpose organizations, SPOs, engaging in social innovation.

The Social Innovation and Social Finance co-creation steering group provided 12 key recommendations for growing social innovation and social finance in Canada. To date there have been 3 foundational elements to the SI/SF Strategy: the Investment Readiness Program, the Social Finance Fund, and the Social Innovation Advisory Council. This government understands the importance of collaboration and coordination across departments and sectors. The Social Innovation and Social Finance 12 recommendations were intentionally designed to be implemented cohesively and collaboratively in order to recognize the systemic changes needed to advance social innovation and social finance in Canada. It will be crucial for the remaining recommendations to be implemented to advance the Social Innovation and Social Finance Strategy in Canada.

Social Procurement Policy

In 2021 the federal government Social Procurement Policy came into effect. The policy recognizes that public procurement is a tool to “achieve greater efficiencies, deliver better outcomes, support operations and use measures in procurements themselves to achieve socio-economic objectives.”

Every purchase has a social, environmental, cultural and economic impact, whether intended or not. The collective effort of leveraging social value from purchasing has a powerful and positive ripple effect on our communities. Through direct government purchasing, and through increasing the social value within the broader supply chain of Tier 1 suppliers, the Federal Government has an opportunity to enhance best value in procurement by providing a framework for the inclusion of socio-economic measures and objectives in procurement, thereby advancing the Government of Canada's socio-economic policy goals.

Social enterprises are businesses that sell goods or services, embed a social, cultural, or environmental purpose into the business, and reinvest the majority of profits into their social purpose.

Social enterprises in Canada are solidly embedded in communities, work across business models, deliver a vast array of goods and services, and they create significant revenues, employment, and social impact. While it is encouraging to see the inclusion of social enterprise in policy, it will be crucial to ensure recognition of the specific barriers faced by and explicit reference to social enterprises, co-operatives, and other social purpose organizations in the implementation of social procurement in this government.

Community Employment Benefits Initiative

The Community Employment Benefits (CEB) initiative was introduced in 2018 as part of the Investing in Canada Plan. It requires major infrastructure projects to set and report on targets for hiring and procurement that benefit underrepresented groups and ensure that public infrastructure investments deliver inclusive social and economic benefits.

In communities across Canada, infrastructure and construction projects are contributing to building strong and resilient communities. In Vancouver, implementing the City of Vancouver's Community Benefit Agreement Policy, the New St Paul's Hospital redevelopment has directed \$100 million of project spend to social enterprises and other social purpose organizations including Indigenous-owned and diverse-owned businesses, and created opportunities for training and employment in the skilled trades.

Implementation of the existing Community Employment Benefit Initiative or Community Benefit Agreements on all federally funded infrastructure is a fiscally responsible tactic to build new infrastructure that returns greater socio-economic outcomes to more Canadians.

Inclusion of social enterprise in business acumen services and access to finance

Strategies and policies require implementation to achieve the goals and objectives they seek. Strategy and policy alone will not activate the change necessary to move toward one strong economy that works for all Canadians. One key component to move from policy to see desired impacts, is through the role of social enterprises.

Social enterprises are businesses that sell goods or services; embed a social, cultural, or environmental purpose into the business; and reinvest the majority of profits into their social purpose. In Canada approximately 85% of social enterprises are owned and operated by a non-profit or charity.

Social enterprises create social value in a variety of ways. They create employment opportunities for persons facing barriers to employment, they provide training to youth at risk, they are an employment transition for immigrants, they contribute to solutions addressing the affordable housing crisis, they create rural economic development opportunities, they provide innovative solutions in the transition to a low carbon economy, and they generate revenue to enhance non-profit community services.

Within a supportive ecosystem for the development and success of any business, including social enterprises, there are critical pillars of support that are needed. Two of these pillars are business acumen and access to finance. To provide this support, governments for many years have provided programs to meet this need. This includes programs like Business Development Bank of Canada, Futurpreneur, and Community Futures. This also includes recent programs including the 2SLGBTQI+ Entrepreneurship Program, Black Entrepreneurship Program and Women Entrepreneurship Knowledge Hub.

Social enterprises are businesses that help the government build an inclusive economy and healthy communities, and yet, these initiatives including long-term funded initiatives such as BDC, Futurpreneur and Community Futures, have historically excluded non-profit social enterprises from both business advisory services, loans, and investment programs.

Recent social enterprise research by Buy Social Canada, *Sell with Impact: Stories and Research from the Canadian Social Enterprise Sector*, indicates the value created for Canadians by social enterprise. This value includes creating new careers in the skilled trades, making housing more affordable, and diversifying and sustaining the revenues of the non-profit sector (the largest employer sector in Canada).

Enhancing social enterprise business capacity at all stages of business development ranging from start-up to scaling, and through to succession, and expanding their financing opportunities, will increase the value they create for Canadians.

A level playing field with access for all business models including non-profit social enterprise is vital for a vibrant and inclusive economy. Along with BDC, every business development program such as Futurepreneur and Community Futures should be examined for current levels of support to social enterprises. New goals should be set, and delivery outcomes measured and reported.

About Buy Social Canada

Buy Social Canada is a social enterprise (incorporated as a Community Contribution Company, CCC). Through education, advocacy and engagement, we bring together purpose-driven purchasers and social value suppliers to build business relationships that generate social benefits for communities across the country, and advance social procurement and community benefit agreement policies and practices. Buy Social Canada offers the only Canadian third-party Social Enterprise Certification, which is aligned with international standards and criteria. Buy Social Canada serves as the Secretariat and Policy Lead for the Social Enterprise Council of Canada and shares two Board of Director seats.

About Social Enterprise Council of Canada

Social Enterprise Council of Canada is a non-profit organization. SECC has the mission to convene, inform, advocate to and influence key stakeholders including social enterprise practitioners, supporters, intermediaries and governments, to ensure social enterprises have a supportive ecosystem that enhances their business skills, ensures access to capital, creates market opportunities, recognizes the impact of social enterprises and provides supportive legislation and regulations.