

EXECUTIVE SUMMARY
SOCIAL ECONOMY and COMMUNITY ECONOMIC
DEVELOPMENT POLICY PROPOSALS

TOWARD A NEW AGENDA FOR COMMUNITIES

Despite impressive economic growth, Canada is still faced with problems of poverty, social exclusion and regional disparities. The solution lies not in more and bigger government but in new forms of social economy organisations that are community based. Through collective enterprises and a variety of community economic development organizations across Canada social goals are being achieved using business and economic means. The results are significant, but the federal role and profile in supporting these efforts are limited.

A strong and dynamic federal commitment to this agenda will produce significant results in revitalizing urban and rural communities in decline, in fighting poverty, and in integrating marginalized groups including immigrants, the handicapped and aboriginals. It will also have a direct impact on other priority's of the Martin agenda, including early childhood and life long learning.

Policy Priority 1

Building strong and inclusive communities across Canada

The first priority of a community agenda is to support communities in their efforts for economic and social revitalisation and renewal. The proposed initiative would provide funding for initial community mobilizing and planning in communities that have little or no capacity, and operating grants for existing community economic development organisations to create new social enterprises. The estimated costs for the program over the next five years are \$400 million, reaching over 800 communities throughout Canada. Certain existing programmes such as Community Futures could be improved to support CED in rural areas.

Policy Priority 2

Financing Equity Investment in Communities

We are recommending three initiatives to grow capital for social investment in communities.

- First, a seed fund that will capitalize community investment funds in each province would strengthen community social investment, filling the current gap in sources of capital for social economy and community economic development activities. The federal government will have a substantial financial return on investment through increased economic activity and tax revenues and reduced social expenditures. We estimate that a

fund of \$400 m would meet current opportunities and capacity across the country over the next five years.

- A 30% tax credit and guarantee of capital attached to financial instruments (shares, community bonds, etc.) to be defined by community investment funds in each province or territory. The specific financial instruments will vary with each province and territory, depending on the investment climate, securities regulations, and community needs. Existing community investment funds in Quebec, Manitoba, Nova Scotia, and some other urban centers will be able to mobilize quickly to leverage capital using this initiative. In other regions development work will be needed to create new capacity to grow community investment. The tax credit should be available to both retail and institutional investors, and not preclude RRSP eligibility for eligible community investment funds.

- Charitable donor tax credits should be extended to non profit activities of CED organizations to create social assets in the community. These tax credits could be used by CED groups to raise funds locally for priority projects that result in the creation of community assets (housing, child care, etc.). Experience in other jurisdictions suggests that “community building” tax credits need to be at an enhanced level to lever significant donations, from 35% to 50%

Policy Priority 3

Using the Social Economy for Lifelong Learning and Human Capital Development

A federal social economy agenda must include increased federal investment, in collaboration with the provinces, to assure opportunities for marginalized groups to become productive members of Canadian society. Current EI regulations effectively exclude many people from receiving supports needed for them to become economically self sufficient. It is estimated that 400\$M would be required to respond adequately to needs of marginalized groups (aboriginals, the handicapped, new Canadians) for training and social integration.

New funding in itself will not solve the problems that prevent many Canadians from accessing employment, income and training supports. How programs are delivered also creates a number of problems, both for the organizations providing the support and for prospective recipients of these services.

The federal government needs to change its own program policies and criteria to invest in the capacity of communities to undertake locally-based, comprehensive approaches to adult and lifelong learning that effectively meets the changing skills needs of their local economies and citizens. There needs to be a shift in investment to the community economic development and social economy sector as a resource for local labour market development, working with and mobilizing all sectors (business, community, government, and labour) to reduce poverty, disadvantage and the barriers to self-sufficiency that many people and communities face.