

Written submission For the Pre budget Consultations
in Advance of the 2019 Budget
Pre Budget Consultation Submission
Economic Growth: Ensuring Canada's Competitiveness

From the

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Summary of Primary Recommendations

1. That the federal government commit to take stronger leadership across departments to fully appreciate and acknowledge the essential role and contribution of the community sector to economic growth and competitiveness.
2. That more and better data be collected regarding the community, nonprofit sector and its real economic contributions to jobs, employment creation and economic development.
3. That the federal government release and support the recommendations of the Social Innovation and Social Finance Co-Creation Steering committee.
4. That more government program and funding support be earmarked for social enterprise development.
5. That a whole of government approach be taken to support and develop the community sector by launching more capacity building programs aimed specifically for nonprofit and charitable organizations to help them flourish and build community attractiveness.
6. That social procurement policies and practices be encouraged and implemented.
7. That a review be undertaken of all legislative and regulatory barriers which hinder expansive economic growth in the social enterprise and charitable sectors. 8.
8. That a review of regulatory and legislative changes be initiated to be more supportive of social enterprises and community sector organizations.
9. That every effort be made to improve the grants and contributions programs of the federal government.

The Case for a broad view of economic growth and competitiveness

Whatever factors one might argue contribute to economic competitiveness the purpose should logically be how it supports our wellbeing. But however we define and describe it, economic growth and competitiveness does not occur in a vacuum. It is nurtured by individuals as entrepreneurs, corporations, businesses large and small, organizations which can attract investment, communities which are growth ready and people who are well-prepared to be part of a productive labour force.

People and systems which advance research and development, nurture ingenuity and innovation, take the broad view that **all** elements of society should be engaged and included, will ultimately have more capacity and greater potential for a thriving economy. Whatever the driver for economic growth and competitiveness might be, there is always a human

element at play and that human element requires many players with a wide variety of skill sets and commitments.

The main message of this submission is that the existence of strong, sustainable nonprofit, community sector organizations can spur economic growth. Nonprofits frequently operate tourism activities, heritage facilities, theatres and cultural initiatives. They can attract private sector development by providing important community services such as recreation, sports, children and senior programs which are significant to industries considering establishing in more remote areas. Furthermore, many nonprofits generate significant revenues through research funding, earned revenues, provision of services and the sale of products. They provide skills building, training and career development opportunities. They often provide employment for those with limited skills. Community sector leaders generally work by their wits - bringing a level of ingenuity, innovation and business savvy to economic development. **Simply put, the community sector should be recognized as a central force for economic and social progress.** This is particularly so in smaller communities which have to reposition to find new opportunities for economic growth.

About the Community Sector Council Newfoundland and Labrador

The Community Sector Council Newfoundland and Labrador is a registered charitable organization dedicated to economic and social progress. Founded in 1976 with federal funding as an innovative demonstration program to build the nonprofit sector, CSC NL serves the people of our province through research and direct services. Connecting with 1000's of organizations throughout the province we observe that the community sector is often the reason for business development and economic growth.

CSC NL's vision is a prosperous and inclusive society that supports individuals, families and communities. Our mission is encouraging citizen participation, the integration of social and economic development and leadership in shaping public policy. We build knowledge, advance thought leadership, foster volunteerism, cultivate leadership, build capacity and develop innovative employment programs for adults and youth. Our work is evidenced-based expanding on research, pilot projects, consumer feedback and trial and error. We hold the view that many nonprofits (and social enterprises) contribute extensively to the economy and often produce and deliver goods and services in a market-like manner.

Community sector nonprofit economic contributions

We base our views on a groundbreaking pilot study conducted in 2016, in partnership with the Department of Economics at Memorial University in which the economic contributions of community sector organizations was explored. In-depth analysis of 45 organizations in the St John's region provided fascinating information about the direct and induced economic impacts. They were responsible for 1279 jobs in the economy (804 direct and 475 induced through local activity of businesses that supply the groups with goods and services). This means that for every two direct jobs in the community sector, an additional 1.2 full-time positions are created by their spending. Furthermore, these 45 groups returned \$18m to

governments through taxation and their spending was calculated to have a positive impact on GDP of \$74m. Of interest, about 60% of their revenue came from earned revenues, foundations, donations and funding other than the provincial government. See communitysector.nl.ca/f/demonstratingeconomiccontributions.pdf

The changing landscape

Frequently overlooked as an integral part of economic growth and often dismissed as inconsequential to, or a drain on, the economy, the reality is that the community sector (nonprofits, charities and social enterprises) contribute extensively and generate substantial activity and earned revenue. The oft prevailing attitude that the only “real” jobs are created in the private sector and that only the private sector generates the economic engine is short-sighted and leads to many missed opportunities.

To thoroughly explore what steps the federal government may take to support and/or encourage Canadians and their “businesses” to grow the economy in the face of a changing economic landscape, an expansive view of all avenues must be adopted.

Recommendations

1. That the federal government commit to take stronger leadership across departments to fully appreciate and acknowledge the essential role and contribution of the community sector to economic growth and competitiveness.
2. That more and better data be collected regarding the community, nonprofit sector and its real economic contributions to jobs, employment creation and economic development. Organizations and the sector collectively need data to give evidence to impact. Without this information the sector is working without full or current information thus is not on a level playing field with other industry sectors. Research be conducted to show its role in attracting business growth in many communities.
3. That the federal government acknowledge and support the recommendations of the Social Innovation and Social Finance Co-Creation Steering committee and provide funding to implement the recommendations.
4. That more government program and funding support be earmarked for social enterprise development and to support a comprehensive social enterprise and community sector ecosystem. These organizations invest the majority of their profits into their missions and the interests of their communities and clients.
5. That a whole of government approach be taken to supporting and developing the community sector by launching more capacity building programs aimed specifically for nonprofit and charitable organizations to help them flourish and build community attractiveness.

6. That social procurement policies and practices as well as community benefits agreements be encouraged and implemented throughout the federal government.
7. That a review be undertaken of all legislative and regulatory barriers which hinder expansive economic growth in the social enterprise and charitable sectors. Like any business, social enterprises require a supportive ecosystem to develop, grow and scale. The federal government should support and invest in specific elements that compose the social enterprise ecosystem such as:
 - Skills and capacity building
 - Access to appropriate, flexible, and patient capital
 - Access to markets through social procurement policy and practices
 - Measurement tools and resources focusing on community capital achievements.
8. That a review of regulatory and legislative changes be initiated to be more supportive of social enterprises and community sector organizations. In particular some current rules related to the Income Tax Act are somewhat constraining to innovation, earned income generation. Some of the rules are difficult to navigate and are not conducive to enabling change.
9. That every effort be made to improve the grants and contributions programs of the federal government which recently seem to be stalled in decision-making such that community groups are left dangling regarding project approvals. Furthermore, because of their inflexibility and short-term time frame, the nature of proposal calls is sometimes counterintuitive to innovation, learning by doing and acknowledging that failure may sometimes lead to success. This is a well-known phenomenon in the private sector but very difficult in the community sector.

The Community Sector Council NL also makes the following suggestions to support and encourage youth to find good early work experiences along with career development opportunities. More complete, integrated and comprehensive approaches delivered in a timely manner could support competitiveness.

1. Continue and increase financial support for youth employment programs.
2. Form a “roundtable” of nonprofit leaders with on-the-ground career development experience to consider a strengthened framework for delivering effective and efficient work and career training programs directed at aiding people to become more productive. Link employment programs to building career development skills. Career development learning sessions should be incorporated into all employment programs funded by the federal government.

3. Continue to improve access to postsecondary education for children in low and modest income families through the Canada Learning Bond. It would be interesting to find out why concept proposals requested from nonprofit organizations which were to move to full proposal phase last spring are still not approved.
4. Provide more resources for applied research and development to support innovation within nonprofit “businesses” and to encourage and support adaptation to change.
5. Reinstate the Student Work and Service Program (SWASP) in Newfoundland and Labrador which was cancelled in 2017 by ESDC. This unique program provided career related experiences for youth in nonprofit organizations in which students earned a tuition credit voucher for post-secondary education and a small cash stipend.

To conclude the Community Sector Council of Newfoundland and Labrador encourages the federal government to fully recognize the nonprofit, community sector as a major economic driver which is central not peripheral to the economy and to ensure that its leaders are included as partners in all opportunities for increasing economic growth and competitiveness agendas. The sector has incredible knowledge to spur innovation, economic growth and enhance Canadian competitiveness.

Thank you for the opportunity to express our views.