



*Strengthening Canada's Communities
Des communautés plus fortes au Canada*

Submission for Manitoba's Economic Growth Strategy to Honourable Blaine Pedersen, M.L.A.

**Minister of Growth, Enterprise & Trade
Province of Manitoba**

By the Canadian Community Economic Development Network – Manitoba

May 23, 2018

Background

This brief has been prepared by the Canadian CED Network – Manitoba for the Honourable Blaine Pedersen, Minister of Growth, Enterprise & Trade. The information contained in this brief responds to the Minister's invitation to help the Province of Manitoba develop its new economic growth strategy.

The Canadian CED Network is a national association of several hundred organizations and individuals in every province and territory working to create sustainable and inclusive communities directing their own social, economic and environmental futures. CCEDNet and its members are committed to the values of inclusion, diversity and equity. Our methods are participatory, democratic, innovative and entrepreneurial.

More than one hundred members are represented by CCEDNet Manitoba. Our membership is broad, and works with thousands of community members across the Province. Our membership is diverse, spanning a multitude of methods, models and organizational structures, including non-profits, co-ops, social enterprises, for-profits and individuals.

CCEDNet Manitoba works to strengthen our members' practice, increase knowledge on their issues and models, connect members to each other and resources, and build our collective voice to speak clearly to government, the public and new partners. By bringing organizations together, providing essential communications and knowledge building opportunities, CCEDNet Manitoba enables our members to engage in collaborative and efficient strategic action towards achieving their shared vision.

An Opportunity to Transform Our Economy

There is no corner of Manitoban society and our quality of life that is not impacted by our economy. Complex community challenges are all connected to the economy, including poverty, social exclusion, income inequality, unemployment, urban decline, environmental and ecological degradation and community sustainability. Manitoba's economy has the power to affect these challenges, for better or for worse.

Therefore, an economic growth strategy should reflect the needs of all Manitobans. The members of CCEDNet Manitoba are committed to developing local prosperity and resiliency. Local prosperity is more than just wages and jobs. It means local wealth.

Local wealth is built through local ownership. Local ownership means profits from economic activity remain in Manitoba and are reinvested in Manitoba communities. Furthermore, local ownership means decision making is made at a local level, and not somewhere the impacts of that decision will not be felt. The local production and consumption of goods and services provides resiliency to our economy, providing a buffer to the economic vagaries that can send our communities on an economic rollercoaster.

There are clear benefits to locally owned businesses, however not everyone is likely to be a private business owner. Community ownership provides an option to build local wealth for everyone. Manitoba has experience with strong collaborative, community-owned assets, including consumer and producer cooperatives, community recreation centres, social enterprises and community arts groups.

The focus of our economic growth should not solely be incentivizing multinational corporations to set up jobs in Manitoba. Rather, it should focus on supporting local prosperity and socially impactful economic activity by increasing local ownership and valuing blended models that integrate social good. This will provide stability and wealth for Manitoba communities, especially those in rural and northern Manitoba.

Our economy must also support a strong social safety net. This is essential for the health and well-being of Manitobans, who ultimately make up the workforce needed to fuel our economy. Affordable housing, accessible child care and effective social assistance for those in need should be considered in our economic growth strategy.

Five years from now, this strategy should have the strength to drive the growth of an economy that positively impacts every area of Manitobans' lives, from education, to the environment and recreation, to social service delivery. When economic growth in Manitoba is promoting and supported by the generation of local wealth and prosperity, we will see the return of jobs and wealth to divested communities and neighbourhoods, allowing those historically marginalized by the economy to be able to enter the workforce, both contributing to and benefitting from shared prosperity.

Recommendations

1. How would a common economic vision for Manitoba drive economic growth and increased investment in our province?

The Canadian Community Economic Development Network - Manitoba is dedicated to creating economic opportunities that strengthen communities and enhance social and environmental conditions. Our economy is one of the most important factors influencing social and environmental conditions in Manitoba. A common economic vision that takes responsibility to improve these conditions while increasing prosperity for all Manitobans would bring us closer to truly sustainable and inclusive communities.

Local Prosperity

The principles and goals of the economic growth strategy should emphasize inclusive and sustainable growth, focused on local ownership and the local re-circulation of profits. The wealth generated by our economy should be rooted in local ownership, creating wealth for our communities. The strategy should promote locally owned enterprise, including cooperatives and social enterprises.

All Manitobans should benefit from economic growth, including marginalized communities and the un/underemployed. Many geographic communities and demographics are underserved by Manitoba's economy, which ends up creating significant costs to the Province of Manitoba. Weak local economies and the correlating poverty contribute to poor health outcomes, crime and poor education outcomes, all of which strain Provincial systems and investments.

Import Replacement in Northern and Rural Manitoba

The economic growth strategy should promote Import Replacement in northern and rural communities. Import Replacement is a proven economic development strategy that seeks to shift economic dynamics so goods and services currently being imported from centers far away from Manitoban communities become locally produced by local workers through locally owned companies. This way, money and wealth are circulated within a region and our northern and rural communities achieve increased self-reliance.

More Value for Money from Procurement

The economic growth strategy should promote the use of social procurement by Manitoba institutions (i.e. the Provincial government, post-secondary education institutions, health care, crown corporations, etc.). Social procurement is the practice of using existing public and private sector purchasing to promote social, environmental and cultural goals. The Provincial government currently does this in Manitoba Housing with a well-established positive return on investment. Manitoba Housing works with social enterprises who hire individuals facing barriers to complete some of its ongoing maintenance work. This practice provides a pathway out of poverty for individuals, as well as reducing strain on government services such as health, justice and social assistance.

Gender Based Analysis

Government policies, including economic growth strategies, do not serve all Manitobans equally. Women and gender-diverse individuals often get left behind when government initiatives fail to factor in their unique circumstances. For example, women's access to training, education and employment can be impacted by whether or not a gender-based analysis is applied to childcare policies. Women have lower employment rates than men across most age brackets and average weekly earnings that were 76.8% the earnings of men in 2014.

The common economic growth strategy should include a gender-based analysis of acknowledged barriers and sectors that can ensure inclusive growth for all Manitobans regardless of gender.

Resilience for Climate Change

Climate change poses risks to Manitoba's economy, as well as an opportunity to develop sustainable innovations. The economic growth strategy should guide the recycling of revenues from the carbon tax to deploy low-carbon technology as well as assisting with adaptation, including urban densification strategies, the adoption of consumer electric vehicles, the improvement of best agricultural management practices and more effective waste management. CCEDNet members like Mother Earth Recycling, Aki Energy or Compost Winnipeg are effectively implementing business strategies to increase mattress recycling, introduce geothermal heating systems and pick up compost respectively while also employing folks facing barriers and contributing to more financially sustainable community organizations. Wherever possible, community-based options for developing remediation interventions or new technologies should be explored and supported to further deepen the impact of resiliency strategies on local prosperity.

Social Inclusion and Accessibility

In March of 2018, the head of the Bank of Canada, Stephen Poloz, spoke about the success of affordable child care policies for raising female workplace participation across Canada. According to Mr. Poloz, accessible childcare stands to expand the labour force by half a million people, raising Canada's output by \$30 billion per year (1.5%). The economic growth strategy should acknowledge the essential role access to child care plays in our economy, and set out to ensure Manitoba has a universally accessible child care system so parents may go to school or work.

Manitobans with disabilities face a multitude of barriers that prevent their full participation in the economy and in their communities in areas including, education, job training, communications, housing, public and private transportation, healthcare and government services. The Manitoba Legislature passed the landmark *The Accessibility for Manitobans Act* in December 2013 to provide for comprehensive prevention and removal of barriers. The Provincial economic growth strategy should not only align with the goals of the Act but motivate its faster implementation to ensure economic growth is immediately inclusive of Manitobans with disabilities.

This submission includes these specific demographics based on the member-approved policy mandate of CCEDNet Manitoba. However, in the spirit of social inclusion, we note that a truly inclusive economic growth strategy would extend this analysis across other important demographics, similarly looking for barriers faced by individuals accessing economic activity and interventions to more fully include all Manitobans. This might specifically include Indigenous Manitobans, or youth, for example.

2. What are Manitoba's greatest opportunities for economic growth?

Manitoba's low-income and underserved communities have enormous potential for growth. These communities present double the opportunity if economic growth is tied to addressing costly community challenges. For instance, promoting healthy, local food production in Northern communities would simultaneously stimulate economic activity while promoting better health outcomes. Greater inclusion of these communities means more independence, self-reliance and dignity for individuals facing barriers to success. And, it also leads to savings in other government programs. Economic growth in underserved communities can reduce costs for government, such as justice and social assistance.

Manitoba is a national leader in social enterprise (community-based businesses selling goods and services and reinvesting their surpluses to further their social, environmental or cultural mission). Social enterprises

contribute to economic growth and often prevent costly social and environmental problems. A 2013 survey of social enterprises in Manitoba found they had revenues of at least \$63.6 M, including \$43.9 M in sales of goods and services, and provided employment for at least 4,450 workers, who earned more than \$34.4 million in wages.

By focusing on inclusion, social enterprise, and import substitution, Manitoba can not only capitalize on its strengths, but ensure fuller inclusion of all Manitobans in the economy. This can be especially meaningful for communities who have largely relied on single industry economies. In these communities, an emphasis on diversifying local economic activity and ensuring everyone is included can help protect them from shocks in global marketplaces.

3. What barriers are preventing Manitoba companies from achieving their growth potential?

Our members' biggest barriers to growth are 1) accessing markets, 2) finding opportunities for appropriate business-skill and network development and 3) short-term funding environments for those who have a partnership with the Province of Manitoba.

The first challenge can be partially addressed through the procurement practices of governments and institutions. Social enterprises, especially those that hire individuals facing barriers to employment, provide the Province of Manitoba with a unique value proposition: they can provide the ongoing goods and services government needs while hiring and training individuals facing barriers to employment to do the work, leading to decreased government costs often correlated with unemployment and persistent low-income like justice, health and social assistance. The economic growth strategy should promote the use of social procurement by government and institutions to support an inclusive growth agenda.

Many of the leading social enterprises in Manitoba either serve or are led by Indigenous people. For instance, Aki Energy and Aki Foods have done great work with Indigenous communities like Peguis First Nation and Garden Hill First Nation, creating local social enterprises to install and maintain geothermal systems, as well as promoting food sovereignty through a pop-up market and local food production. To further impacts like these and urban social enterprises like BUILD or Diversity Foods, Manitoba businesses could be engaging in mentorship and employment partnerships with social enterprises and community-based organizations.

Better access to public procurement would allow social enterprises and cooperatives to scale, and for their impact in our communities to increase. It would mean more food production in food insecure communities. It would mean more jobs and training opportunities for individuals facing barriers to employment. And eventually, it would likely mean many other impressive impacts as the environment becomes increasingly favourable to this kind of business. Many social enterprises are led by, and serve, marginalized communities, such as Indigenous and newcomer communities. In addition to social procurement directly from social enterprises, extending this practice to a fulsome use of community-benefit throughout government purchasing can also incent private sector companies to consider their social and environmental impact in the Province.

The second challenge is best addressed by ensuring there are community-based development organizations offering easy access to training, networking and other development opportunities. Ensuring social entrepreneurs, community developers and small business people have access to ongoing opportunities to improve their skills and collaborate can create a system of supports that lead to new partnerships and deepened impact. These entrepreneurs are blending the skills and practices of small-business management and community development or social work. This blend can be challenging to achieve which is why specialized

supports in addition to the range of economic development supports offered to private sector entrepreneurs is best to ensure their success.

The third challenge can be addressed by the Province of Manitoba ensuring important community-organizations are funded through multi-year, streamlined agreements. Short-term funding creates administrative burdens that can result in inefficiencies and less time to engage the community in the long-term thinking, planning and action that is needed to achieve long-term results. Short term funding tends to provide insecure, low-paying front line jobs with inadequate benefits that makes it difficult to attract and retain qualified staff, leads to turnover and diminishes organizational capacity and stability. Community organizations create the conditions necessary for people experiencing multi-generational poverty or multiple barriers to successful economic engagement to fully access new opportunities. Initiatives like neighbourhood resource centres, women's centres, newcomer settlement services, housing and employment supports, adult literacy classes and the myriad other community-based programs serving people cross Manitoba may focus on social and community needs but without addressing these, economic growth will be largely limited to those already able to access jobs and business opportunities.

4. What do businesses need in order to overcome the barriers to growth and capitalize on the opportunities identified above?

There are many business development services provided by the Provincial government, as well as the Federal government. Despite this, our members state they feel there is never enough or the right kind of support available. Coordination and promotion of business support programs would help with this. In addition, to achieve the well-rounded and inclusive strategy outlined here, there needs to be awareness of community needs within economic development agencies, as well as economic development opportunities within community development initiatives.

To support these aims, government-supported economic development agencies should be trained and comfortably able to support social enterprise and cooperative business models as easily as typical sole proprietorships and partnerships. There is a large disparity in terms of the ability for these agencies to support community-owned initiatives, with some having provided great service and others deeming non-profit or coop models ineligible for services.

Ensuring all these agencies are able to support community-owned businesses will lead to reductions in community challenges and growth in local economic development. Furthermore, it is efficient to take advantage of existing business development supports, rather than re-creating the wheel with new economic development agencies for social enterprises and coops. Similarly, the Province can ensure other specialized supports focused on community enterprises are able to continue services and are able to connect with traditional economic development agencies, leading to a more streamlined and tailored system of supports.

The government should work with agencies like the Economic Developers Association of Manitoba in the creation of standardized community economic development training and support its implementation across Manitoba. It should also ensure that as it implements this strategy, it takes community-based business into account, reviewing the recently expired Manitoba Social Enterprise Strategy and the unfortunately cancelled Manitoba Co-operative Community Strategy. Both of these include smart and community-led suggestions for how government and community enterprises can work together to achieve increased growth, local prosperity and stronger social outcomes within an economic development strategy.

5. What is the role of a provincial economic development agency in implementing the new economic growth strategy?

Given the economy impacts every component of Manitoba's society, it is important that this provincial economic development agency have representation from a wide breadth of stakeholders. For instance, the policy of education and economic development should be in lock step. Therefore, representation should include the different levels of government, education, health, private sector, cooperative sector, community organizations and anchor institutions. While it's likely an economic development agency would be led from Growth, Enterprise and Trade, a 'whole of government' approach that includes partners from business and community sectors would better link the government's wide aims in a variety of areas to the economy.

There are a number of models that could be explored for replication or adaptation to Manitoba. As described on their website, CEDEC (Community Economic Development and Employability Corporation) in Quebec is a province-wide organization that "sparks innovation in building forward-looking prosperous and confident communities across Quebec through sharing expertise, knowledge and building partnerships." It incorporates community renewal alongside workforce development, tourism and business development support. The Chantier du l'économie sociale is another Quebec based agency that built a strong governance model including a varied set of stakeholders across regional nodes to achieve strong social economy growth. And, co-creation models as have been tried in narrower strategies like the Manitoba Co-operative Community Strategy, Manitoba Social Enterprise Strategy or federal Social Innovation and Social Finance Strategy Steering Committee ensure there is meaningful involvement from relevant government departments and community partners right at the governance table.

Whatever form this agency takes, it should break down the silos between governments, their departments and the various sectors in Manitoba. It should be in a key position to influence government policy. This economic development agency should set the principles for economic development in Manitoba. It should coordinate economic development agencies and strategies across Manitoba to ensure a standard level of service, and a commitment to supporting marginalized communities. It should include priorities around accessibility (particularly being mindful of the standards being created in the Accessibility for Manitobans Act), social inclusion, community and individual prosperity and the need for a range of models to create a growing, diversified economy that truly benefits all Manitobans.