

# The Canadian Community Economic Development Network

Strengthening Canada's Communities Communities Strengthening Canada

*The Canadian Community Economic Development Network (CCEDNet) joins with others concerned about growing social and economic inequality in Canada. These are our recommendations for implementing a Community Economic Development approach to eliminating poverty and revitalizing communities.*

*This is our case for change.*

The Canadian Community Economic Development Network is a national association of community-based organizations. CCEDNet represents hundreds of Community Economic Development (CED) organizations and practitioners across Canada and promotes CED as an alternative economic development model that integrates social, economic, and environmental goals.

Community Economic Development is proven to build wealth, create jobs, foster innovation and productivity, and improve social well-being. Through holistic, participatory development, CED enables communities to transform into attractive places to live and work.



## A Communities Agenda

1. Build Fairer and Stronger Local Economies
2. Tackle Poverty and Homelessness
3. Invest in Sustainable Communities

## Community Economic Development: An Integrated Approach to Improving Communities

CED is local action that creates economic opportunities and enhances the social and environmental conditions in communities. It understands that sustainable development requires an integrated approach to complex

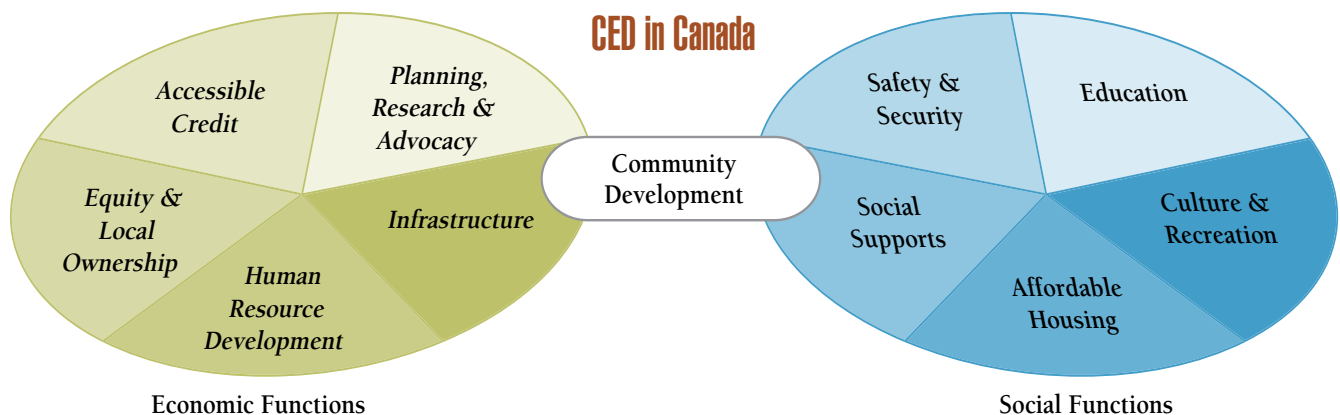


community problems. Strategic priorities include structural economic change, local ownership of resources, social development, environmental stewardship, labour market development, and access to capital.

CED encourages people to take charge of their future through systematic renewal that is conceived and directed locally.

**Community Economic Development works.**

*Inequality is growing in Canada. Our economy is prosperous, but the gap between the rich and poor continues to rise. In a recent survey, 49% of Canadians stated they were one to two paychecks away from poverty.<sup>1</sup> Many rural, urban, and marginalized communities are struggling to stay afloat. We need to do something.*



Source: The Centre for Community Enterprise

# 1. Build Fairer and Stronger Local Economies



In many rural and urban areas across Canada local economies are suffering. They lack access to markets and sustainable business opportunities.<sup>2</sup>

Community Economic Development presents an opportunity to reverse these disturbing trends. Multiple communities across Canada have already countered decline by implementing policies that put local economies first. However, these efforts to rebuild and revitalize need legislative support.

CCEDNet advocates for policy that builds fair and strong local economies. We recommend changes in federal and provincial government policy that support and encourage local economies through social enterprise and co-operative development.

## *Create a Social Enterprise Capital Fund.*

Recent research on social enterprise illustrates that one of the most serious barriers to sustainability is access to long-term patient capital.<sup>3</sup> A Social Enterprise Patient Capital Fund would allow communities to overcome funding challenges and optimize effort through a specialized, long-term patient capital fund that encourages stability and growth.

*Implement an RRSP eligible CED tax credit.* CED organizations need access to long-term capital. To overcome this challenge we propose a RRSP eligible CED tax credit for Canadians wishing to invest in Community Economic Development investment funds operated by local non-profit corporations.

*Support local procurement policies.* In the traditional business model, profit rarely stays within a community. When regions implement procurement policies that purchase contracts, goods, and services offered locally, tax dollars reverberate instead of flowing away.

## *Create an enabling environment for co-operatives and social enterprise growth.*

In recent years, funding through grants and contributions has created more and more bureaucracy and impediments to the sector. We call for accelerating the implementation of reforms to grants and contributions to the community non-profit sector and recommend extending and expanding the Co-operative Development Initiative to increase support for co-operatives.

## CED in Action

The **Core Neighbourhood Youth Co-operative** in Saskatchewan offers a unique experience for low-income youth to develop skills, leadership, and gain experience.



*It's so easy to get lost in the system. The Co-op is giving people an opportunity to get back to school or to get their credits outside of school if they want. This then sets people up with work, builds their skills, puts a job on their resume, and can potentially get them back into school.*

— Allysha Larsen, CNYC

## Social enterprises and co-operatives impact large sectors of our population.

The co-operative sector has assets of over \$215-billion and is a source of jobs, income and community stability in many regions.<sup>4</sup> The diverse activities of co-operatives and social enterprises include grocery stores, large agriculture suppliers, immigrant training and labour market integration, wind energy distribution, credit-provision, business support and training, housing, and municipal catering. They provide skills, opportunity, and pride in place. Social enterprises and co-operatives create stronger communities.

# Income Inequality and Poverty is a Canadian Issue:

- The gap between the wealthiest and poorest in society is growing.
  - In 1976, the richest 10% of families earned 31 times more than the poorest 10%; in 2004 they earned 82 times more - almost triple the ratio of 1976.
  - From 1976 to 1979 the bottom half of income earners earned 27% of total earnings. Despite working more that percentage dropped to 20.5% between 2001-2004.
  - In 1984 the wealthiest 20% of families held 69 % of total household wealth. In 2005 that percentage had increased to 75%.<sup>5</sup>
- From 1976 to 2004 close to 80% of families saw their earnings and after-tax incomes stay the same or decrease, with the poorest experiencing falling incomes.<sup>6</sup>
- In 2005, over 2 million Canadians were living in Poverty, as defined by Statistics Canada's Low Income Cut Off.<sup>7</sup>
- In 1998, annual wages and salaries of recent immigrants were one-third less than that of other Canadians. Hourly wages were 18% less.<sup>8</sup>



## 2. Tackle Poverty and Homelessness



*In a nation as prosperous as Canada, every citizen should be able to meet their basic needs for healthy food, safe, affordable housing, clean water, and access to education. Yet many do not.<sup>9</sup> Poverty reduction should be our number one priority.*

*We believe it is essential that all federal political parties commit to better policies that support communities in their efforts to reduce poverty and homelessness. We call for assistance in creating sustainable economic and social opportunities for those most marginalized.*

*Reform Federal Child Benefits, EI, and Pension programs* so they provide better income support for low-income Canadians. These programs need to be able to support those affected by changes in their circumstances so they have security to make transitions to self-sufficiency.

*Shift tax structure to benefit low-income Canadians* so those in poverty receive tax relief and are able to build assets, savings, and the capacity to escape the poverty trap.<sup>9</sup>

*Generate a comprehensive Social Housing Spending Program for low-income Canadians.* 1.5 million Canadian households are still in desperate need of decent, affordable housing.<sup>10</sup> We propose renewing and extending the Homelessness Partnering Strategy and Residential Rehabilitation Assistance Program for five years, expanding the mandate of the Supporting Communities Partnership Initiative, and reversing the \$45-million in annual cuts to the Canadian Mortgage and Housing Corporation.

*Support employment development through Community Economic Development approaches to poverty reduction.* CCEDNet advocates for increased funding to employment development organizations that promote holistic development for marginalized unemployed individuals, enhancing their ability to enter and remain in the labour force.

*Create a national action plan on homelessness* developed by all three levels of government with input from community organizations to identify root causes and implement effective solutions.

*Commit to increasing development aid and cancelling debt.* Our members are concerned deeply about the debt and poverty experienced by communities in the South and request policy that supports and promotes equitable trade between Canadian social and community enterprises and their counterparts.



# 3. Invest in Sustainable Communities



Many regions are struggling. Our villages, towns, and cities, are increasingly struggling to maintain standards of living. Rural municipalities, schools, and health boards are unable to invest in necessary infrastructure.<sup>11</sup> We need to invest in the future of our communities so that we all benefit from Canada's prosperity. CCEDNet encourages government to support Community Economic Development initiatives that create social, economic, and environmental sustainability.

## *Support rural and urban revitalization.*

We need to focus on rural and urban Community Economic Development through extending and expanding the Canadian Rural Partnership Initiative and creating a new federal partnership with NGOs, municipalities and the Federation of Canadian Municipalities focusing on social development and the revitalization of urban neighbourhoods.

## *Give newcomers tools to contribute.*

Canada's economy, culture, society and labour market benefit immensely from immigrants and refugees. Yet, newcomers to Canada face an increasingly difficult time with their settlement and integration. We call for the Minister of Citizenship and Immigration Canada to focus immigrant settlement programs and agreements on effective supports to community economic and co-operative development so that immigrant and refugee communities can realize their aspirations for integration and self sufficiency.

*Promote local food production and distribution.* Canadians are demanding more sustainable food and agriculture systems. Local farmers are trying to respond. However, Canada's Agricultural Policy Framework has done little to support these initiatives. We call on the Government of Canada to include CED approaches to local food security and agriculture in the development of Canada's Agricultural Policy Framework.

*Empower communities to tackle climate change.* Individual Canadians are already tackling climate change by shifting towards green business models and changing personal consumption patterns. These localized efforts need to be combined with a tangible federal commitment to honouring Canada's Kyoto Accord and supporting community-led approaches to sustainable development.

*Invest in children.* We advocate for a universal and comprehensive national child-care program to reduce child poverty and support full social and economic participation for all Canadians. We believe that a national child-care strategy that re-instates significant investment in creating and sustaining non-profit and co-operative child care spaces is essential to easing the pressure on working families.

Detailed background papers on each of these recommendations are available on our web site at [www.ccednet-rcdec.ca](http://www.ccednet-rcdec.ca)



## References

- <sup>1</sup> Armine Yalnizyan. *The Rich and the Rest of Us: The Changing Face of Canada's Growing Gap*. Canadian Center for Policy Alternatives. March 2007.
- <sup>2</sup> Urban Poverty Project *Neighbourhood Poverty*. Canadian Council on Social Development. October 2007.
- <sup>3</sup> Micheal Toye and Jennifer Infanti, *Social Inclusion and Community Economic Development*. Pan-Canadian Development Learning Network Project/ Canadian Community Economic Development Network. August, 2004.
- <sup>4</sup> Government of Canada Co-operative Secretariat, *Co-operatives in Canada*. December, 2003.
- <sup>5</sup> Armine Yalnizyan. *The Rich and the Rest of Us: The Changing Face of Canada's Growing Gap*. Canadian Center for Policy Alternatives. March 2007.
- <sup>6</sup> Caryl Arundel, *Falling Behind: Our Growing Income Gap Federation of Canadian Municipalities*. August, 2003.
- <sup>7</sup> Income Statistics Division. *Low Income Cut-Offs for 2006*. Income Series Research Papers, Statistics Canada. 2007.
- <sup>8</sup> Ekuwa Smith, *Does a Rising Tide Lift All Boats? Labour Market Experiences and Incomes of Recent Immigrants 1995-1998*. Canadian Council on Social Development. February, 2002.
- <sup>9</sup> World Bank. *New Paths to Social Development*. 2000. <http://econ.worldbank.org/wdr>.
- <sup>10</sup> Sophie Lefebvre, "Housing: An Income Issue." *Perspectives on Labour and Income* (Vol 3.2) 2002.
- <sup>11</sup> Raphael, Dr. Dennis. *Poverty, Income Inequality and Health in Canada*. School of Health Policy and Management, York University: June 2002.

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