



ERROL BLACK CHAIR

EBC

IN LABOUR ISSUES

How Government Support for Social Enterprise Can Reduce Poverty and Green House Gases

Lynne Fernandez,
Errol Black Chair in Labour Issues

Canadian Centre for Policy Alternatives – Manitoba office

How Government Support for Social Enterprise Can Reduce Poverty and Green House Gases

ISBN 978-1-77125-240-9

NOVEMBER 2015

This report is available free of charge from the CCPA website at www.policyalternatives.ca. Printed copies may be ordered through the Manitoba Office for a \$10 fee.

Help us continue to offer our publications free online.

We make most of our publications available free on our website. Making a donation or taking out a membership will help us continue to provide people with access to our ideas and research free of charge. You can make a donation or become a member on-line at www.policyalternatives.ca. Or you can contact the Manitoba office at 204-927-3200 for more information. Suggested donation for this publication: \$10 or what you can afford.

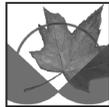
About the Author:

Lynne Fernandez is a senior researcher with the Canadian Centre for Policy Alternatives MB. where she holds the Errol Black Chair in Labour Issues.

Acknowledgements

I would like to thank the 2 anonymous reviewers who provided valuable feedback to the first draft of this paper. I am also indebted to Shauna MacKinnon, John Loxley, Darcy Penner, Annetta Armstrong, Kirsten Nickle, Josh Brandon, Shaun Loney, Kate Taylor and Sarah Antikov for taking the time to read, correct and expand elements of the revised version. It is much improved because of their efforts. Any defects that remain are mine.

I am pleased to acknowledge the generous financial support of the Social Sciences and Humanities Research Council of Canada through the Manitoba Research Alliance grant: Partnering for Change — Community-based solutions for Aboriginal and inner-city poverty.



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
MANITOBA OFFICE

Unit 205 – 765 Main St., Winnipeg, MB R2W 3N5
TEL 204-927-3200 FAX 204-927-3201
EMAIL ccpamb@policyalternatives.ca



Social Sciences and Humanities
Research Council of Canada

Conseil de recherches en
sciences humaines du Canada

Canada

Shifting Economic Gears

“We will not — and let me be clear on this — aggravate an already weakening economy in the name of environmental progress”¹ stated former federal Environment Minister Jim Prentice (more recently, former Premier of Alberta). This attitude demonstrates just how little certain governments understand the severity of climate change and the opportunities available for dealing with its causes — opportunities that do not jeopardize economic performance. It is not a matter, as Prentice suggests, of slowing or stalling the economy, but shifting gears to accommodate less-polluting economic activity and creating new jobs. There is much governments can do to facilitate this change.

Mazzucato explains the crucial role government plays in developing and using new technologies before a risk-averse private sector will take the plunge.² But beyond helping develop solar and wind power, for example, governments can further integrate a green technology strategy through enabling legislation and procurement policies. This paper will examine how two of these sectors — building retrofits and renew-

able energy — when supported by the appropriate government policy and legislation, can accelerate the shift to a greener economy while facilitating job training for marginalized workers.

If we are to minimize the tendency of our economic system to perpetuate precarious working conditions, shifting to these new jobs should also be seen as an opportunity to create decent work. Lee and Card note that it is more likely that certain “green” jobsⁱ will be local, such as retrofitting buildings, construction, installing solar panels etc...³ The jobs we will be considering in this paper are entry-level to high-skilled jobs in building retrofitting and renewable energy installations.

With their commitment to increasing job opportunities for multi-barriered workers, social enterprises can provide skills and hope to many low income families while creating jobs in emerging sectors that pay a living wage. As we will see, the role of government and Manitoba Hydro in supporting the social enterprise sector is crucial to its success. Accordingly, we also have to understand the limits of social en-

ⁱ There is no consensus on what constitutes a green job and the term is often abused. For this reason, I will use the term sparingly and only in reference to job activity that directly reduces GHGs and/or uses renewable energy.

terprise whose fortunes depend on a favourable policy environment that can change overnight. We also need to consider how we can transfer social enterprise's commitment to decent

jobs into the private sector where the majority of jobs exist. This paper will consider some of these challenge and possible approaches to overcoming them.

Why Manitoba?

Renewable energy

Manitoba Hydro plays an important role in the province's economy. It has more than 6,500 full-time employees, \$15.6 billion in assets in-service and \$9 billion in export contracts to Canadian and American customers.⁴ Notwithstanding the considerable controversy around hydro development and how it affects the environment and First Nations communities,⁵ 99.6% of its energy generation is considered renewable and in 2013 it had lowered GHGs by 163 kilotonnes (CO₂ equivalent).⁶ In 2014 Manitoba Hydro paid \$125 million to the province in water rentals and assessments, as well as \$117 million in corporate and other taxes — adding significantly to government coffers.⁷ It also pays a 1% guarantee fee to the province on all debt.

As a Crown Corporation, the government has the ability to use Manitoba Hydro as a powerful

regional development tool. This publicly owned utility is not confined by the profit seeking motives of a privately owned company, but is mandated to maximize a much broader public good.⁸ It is this aspect of Manitoba Hydro that allows the programs described in this paper to exist, and, as we will argue, which should be exploited much more in order to facilitate Manitoba's transition to a renewable energy economy.

There are more jobs created in the renewable energy sector than in the fossil-fuel based energy sector⁹ and Lee and Card note that expanding hydropower capacity could foster other renewable technologies such as wind, geothermal and solar.¹⁰ As we will see, Manitoba Hydro is already supporting geo-thermal installations in First Nations communities; this work needs to be scaled up to include wind, solar and biomass energy.

The Role of Social Enterprise in Manitoba

Companies that use new technology *and* provide decent jobs (that pay a living wage and offer benefits) should receive high marks in government procurement contracts. Enlightened governments can take this strategy a step further by supporting social enterprises that provide training and jobs to marginalized workers who have little-to-no labour market attachment. The case of Manitoba shows how such a strategy can take life.

A variety of social enterprises in Manitoba play an important role in training and employing multi-barriered workers to do green retrofits in publically-owned housing units and to install geo-thermal heating in First Nations homes.

The following section summarizes the activities of three Manitoba social enterprises; then we'll examine the legislation and policies that support the enterprises' work.

Three Social Enterprises Show Us How

Aki Energy

An Aboriginal-owned social enterprise called Aki Energy¹¹ (Aki is Oji-Cree for Earth) uses cost effective renewable energy technology to lower energy bills on First Nations Communities, providing installation training and industry certification to local community members. The majority of First Nations in Manitoba rely on expensive electric heat. Aki Energy has found that technologies such as geothermal energy, solar thermal energy and biomass energy can be cost effective mechanisms to lower energy bills and create local employment and business development opportunities in First Nations communities.

Aki Energy works with Manitoba Hydro to enable First Nations to access Pay As You Save (PAYS) Financing. This program finances the upfront cost of equipment and installation, recovering the cost through an on-bill charge over 20 years. Aki Energy works with Manitoba Hydro to guarantee that energy bill savings are lower than the financing charge, so that participating First Nations households see energy bill savings from day one.

Because on-reserve homes are not owned outright by individuals, the Band Councils pass

a resolution to guarantee the payback of Manitoba Hydro financing should the family default.

In the first year Aki Energy trained 30 First Nation geothermal installers who installed 110 residential geothermal systems in two First Nation communities — Peguis First Nation and Fisher River Cree Nation. Families who received the new systems will cumulatively save approximately \$44,000 per year in reduced utility costs, and this saving is realized despite the fact that the cost of the installations is added on to families' utility bills. In other words, the geothermal heating and cooling is so much more efficient than electrical that the reduction in utility bills is greater than the utility charge plus the monthly cost of the financing from Manitoba Hydro.

The Band and Councils' role is important. Not only do they provide financial backing to all the families involved, but in the case of Fisher River Cree Nation, it has taken the lead in expanding geothermal beyond residential use. In cases where First Nations have local construction companies, Aki Energy will work with them to train tradespeople to install and maintain the systems independently. Where First Nations do not have local construction capacity Aki Energy

will train and directly employ local tradespeople to install the systems.

Manitoba Hydro recently announced plans to install \$18M worth of geothermal installations (around 1,200 homes) over the next three years in Peguis First Nation and Fisher River Cree Nation, and Aki Energy is currently expanding this program to a number of additional First Nations. While Aki Energy's early work focused on geothermal energy, they are now expanding to include social thermal energy, commercial lighting efficiency and biomass energy. Families save money, Manitoba Hydro conserves energy, GHGs are lowered and previously unemployed First Nations workers receive training and certification that could help them stay meaningfully employed should geothermal energy become a greater part of Manitoba Hydro's energy generation.

Aki Energy is now mentoring a new social enterprise called Meechim Foods, a food sovereignty initiative in Garden Hills First Nation (600 kilometres north east of Winnipeg). Under the Northern Health Foods Initiative, the province provided \$300,000 in start-costs to Meechim Foods. The community, which was almost completely reliant on food purchased at the Northern Store, now has a greenhouse, chicken facility, commercial kitchen and a slaughter facility. It recently slaughtered 1500 chickens which were all raised in the local facility. Meechim Foods will provide Garden Hill residents with an alternative to shopping at the Northern Store which flies most of its product in to be sold at very high prices. Not only will this social enterprise provide healthier, more affordable food to a community dealing with tragically high rates of diabetes,¹² it will lower GHGs by reducing the amount of food that has to be transported from the south.

BUILD and BEEP

Building Urban Industry for Local Development (BUILD) and the Brandon Energy Efficiency Program (BEEP) are Manitoba social enterprises

which train multi-barriered workers to do a variety of construction-sector jobs.

BEEP

Located in Brandon and administered by the Brandon Neighbourhood Renewal Corporation (part of the government's Neighbourhoods Alive Program "a long term social and economic strategy to support community-driven revitalization in designated older neighbourhoods across Manitoba"),¹³ BEEP started operating in June 2007.

BEEP currently works with 12 trainees who are paid minimum wage to 50 cents above minimum wage, and who are funded by Training and Employment Services at the provincial department of Jobs and the Economy. Trainees are mostly Aboriginal men, and all trainees were previously unemployed and/or collecting Employment Insurance (EI) or Employment and Income Assistance (EIA) from the province. Trainees have to work on obtaining their grade 12 equivalency and a valid driver's license while in the program. BEEP has found that structuring the work week so that they have Fridays off helps participants deal with schooling and appointments.

Successful trainees can advance within BEEP into a tier two position and then into an apprenticeship position. There are six Tier II positions in which the program participant has more responsibility and an increase of pay to between \$13 and \$14 per hour (minimum wage in Manitoba is \$11/hour as of October 2015). Currently, there are two apprentice positions and BEEP is hoping to expand this number to accommodate all the trainees who want to continue. Following industry standard, pay for an apprentice position is a percentage of the supervisor's salary.

Although the training periods can vary, generally they run 6 to 12 months for all trainees and two years for the apprenticeship. BEEP tries to provide practicum hours to apprentices until they reach their Level Two schooling. Once they complete Level Two, they are ready to transition into the private sector so they can complete their

Levels Three and Four hours and schooling and reach journeyman status.

BEEP does contract work for Manitoba Housing and Manitoba Hydro. Through Manitoba Hydro's Affordable Energy Program and Pay as You Save (PAYS) program participants install attic, basement and wall cavity insulation. Manitoba Housing currently hires BEEP to complete exterior refreshes including the removal and installation of new shingles, insulating walls and installing new siding, soffit and fascia as well as installing new energy-efficient window and doors. BEEP has completed energy and water efficiency upgrades in over 600 Manitoba Housing units installing low-flush toilets, showerheads and aerators, insulating attics and basements, and installing electrical gaskets. More recently, Manitoba Housing hired BEEP to complete asbestos and mold remediation on 25 duplexes in Brandon prior to completing exterior refreshes. These contracts provide excellent training opportunities to BEEP participants so they can develop marketable skills.

BEEP is also in partnership with the Canadian Mental Health Association (CMHA), which hires BEEP to build STEPP houses (Solutions to End Poverty Permanently). STEPP removes financial barriers for low-income individuals who seek home ownership by reducing the amount they need for a mortgage and eliminating the need for a down payment. STEPP houses are sold to successful applicant families in need of affordable housing, with the proceeds from the sale of the homes used to finance construction of future STEPP homes.

To date BEEP has built 4 STEPP houses and they are planning to build a five-plex in the fall of 2015 and two duplexes in the spring of 2016. All homes meet Manitoba Hydro's Power Smart standards for energy and water efficiency. The City of Brandon has contributed to the STEPP program through their initiative to donate land to non-profit organization for the development of affordable housing. Manitoba Housing has also

contributed to the STEPP program providing financial assistance to lower the purchase price of the home so that it is affordable for lower income families.¹⁴

Ultimately BEEP wants trainees to be able to transition into private sector work. BEEP helps reduce barriers to employment for their program participants by providing high school upgrading, the opportunity to obtain a valid driver's license, participate in CPR, WHMIS and other safety training courses so they can add these credentials to their resumes. On-the-job coaching helps participants develop proper work habits. According to the Operations Manager Kristin Nickel, BEEP has trained 129 workers of which 41 have gone on to private sector jobs, nine have pursued further education, six have entered the apprentice program and five have graduated with their grade 12 equivalency. Twenty of these trainees are still with the BEEP program.

Nickel emphasises that the trainees benefit most from receiving a variety of carpentry training so they're able to succeed in the private labour market. Although more than 40 participants have gone on to private sector jobs, we don't know how they have fared over the long term. Nickel confirmed that many can struggle once they leave the supportive training environment at BEEP. We will discuss this issue in greater detail later in the paper.

Building Urban Initiatives and Local Development (BUILD)

Started in 2006, by 2011 BUILD was processing up to 100 trainees with combined funding from the federal and provincial governments. As explained by Annetta Armstrong, BUILD's Executive Director, BUILD today works with 50 trainees per year, processing them through two six-month training programs with 25 trainees per session.

Trainees tend to be Aboriginal men who live in Winnipeg's Inner City and/or North End. There are also some newcomers and females, and almost all are under-educated, lack stable hous-

ing and most have had contact (some extensive) with the justice system. A few have some low-skill work experience and want to upgrade their skills, but many have little to no experience in the formal labour market.

BUILD provides hard and soft skills training. For 2 months trainees learn trades-based math for 1.5 hours every morning in preparation for an essential skills assessment. Trainees then continue on to hard skills training in building insulation, taping, mudding, door hanging and dry walling. Soft skills cover everything from nutrition, parenting and budgeting to stress management and work ethics.

Those workers who successfully work through the two months of training have the opportunity to move to the social enterprise side of BUILD where they expand their on-the-job training in a variety of trades including ‘make readies’ for Manitoba Housing (preparing units for new tenants) and insulation installations for Manitoba Hydro. The type of work that BUILD undertakes has been reduced; Manitoba Housing no longer offers it contracts to do plumbing or cabinet installation and this reduction has limited the kind of training it can offer, making it more difficult to prepare trainees for work in the private sector.

Working with trainees makes it difficult for BUILD to compete with private-sector contractors on pricing, and Manitoba Housing property managers have to live within the confines of pre-set budgets. A newly formed Social Enterprise Team at Manitoba Housing will hopefully deepen the relationship between property managers and social enterprises like BUILD and encourage managers to find ways to contract with BUILD. But in order for BUILD to realize its potential, government needs to be able to make a case showing the value of training and employing these workers.

Armstrong emphasises that Manitoba Housing has to consider the social impact that training and hiring these workers has on the provincial budget. The premium property managers have to pay to hire BUILD is, in the long run, greatly offset by savings realized from training and employing this group of workers, especially those who are able to transition from street gangs into permanent employment. Up to 75 percent of BUILD/BEEP trainees have a history with the criminal justice system,¹⁵ so when the cost of ‘fighting crime’ — including locking people up — is weighed next to the cost of giving high-risk people an alternative to illegal activity, the savings are compelling. The province should also consider the savings realized when previously unemployed people work, pay income tax and increase their consumption — as well when workers no longer have to collect Employment and Income Assistance (EIA) to support their families.¹⁶ To this end, the Department of Housing has commissioned a study of the social return on investment to strengthen its case for supporting social enterprises.

Manitoba Hydro is still using BUILD to do its low-income housing insulations, but this program needs to be improved as well so that more low-income renters and home owners qualify, more BUILD trainees are put to work, and more GHGs are removed. There are thousands of low-income, energy-poorⁱⁱ homeowners and tenants in Manitoba who would benefit from improved housing insulation alone.

Housing is not the only provincial department that can support social enterprises and provide training and job opportunities to multi-barriered workers. In fact, if multiple departments considered the continuum of social enterprises in Manitoba, the province could support workers from training, to entry-level jobs, right through

ii Canadian research shows that people in the lowest income quintile pay more than 7 percent of their income on energy, compared to 2 percent for those in the highest quintile. See <https://www.policyalternatives.ca/publications/commentary/fast-facts-case-national-strategy-low-income-energy-and-water-efficiency>

to apprenticeship and journeyman positions. This sort of ongoing support would help struggling workers graduate from no experience to a highly skilled trade, increasing the possibility they could find work in the private sector. A worker could start at BUILD, transition to MGR and eventually end up working for Inner City Renovations, another social enterprise that employs workers in the commercial renovations sector.

BEEP has managed to enter into home construction which requires more training and resources than BUILD can presently muster. As we saw, part of the reason BEEP works so effectively is the bi-level cooperation between the City of Brandon and the province, through the Neighbourhood Renewal Corporation. Exploring how BEEP has been able to move into home construction and take some trainees right through 2 years of apprenticeship training could allow BUILD to provide higher skill level training and experience. Expanding training possibilities would be easier if the City of Winnipeg were to collaborate with BUILD the same way the City of Brandon works with BEEP.

The City of Winnipeg should also be enabling the social enterprise model and providing opportunities to marginalized workers. The City has recently been criticised for falling behind on implementing an organic waste treatment strategy¹⁷ that would divert tonnes of waste from landfills and provide valuable compost for city and commercial use. It should consider partnering with a social enterprise such as BUILD so it can provide entry-level training and jobs in this sector. This sort of procurement is yet another example of how government can increase employment for marginalized workers while growing green jobs.

Manitoba Green Retrofit (MGR)

Successful BUILD participants can be hired by Manitoba Green Retrofit. According to MGR's website:

[...] being a social enterprise means that we have made a commitment to improving the communities we work in by providing meaningful employment and training to people who otherwise might not be considered employable in traditional labor markets. MGR is dedicated to achieving a triple bottom line by creating a positive social, environmental, and economic impact in the community.

MGR offers a range of services to a variety of clients. It does energy-efficient retrofits for Manitoba Housing; property management; demolition and salvage; 'make readies' — repairs for Manitoba Housing; and offers perhaps the only effective bed bug treatment service called Bug N Scrub.¹⁸ Bug N Scrub is available to vulnerable renters free of charge through a provincial government program, and to individuals who pay MGR directly. MGR has also done work with CMHC, Manitoba Housing's At Home Chez Soi, the Provincial Drug Court and the Winnipeg Regional Housing Authority. MGR completed a contract to replace 160 furnaces (with high efficiency models) with Manitoba Hydro, Kinew Housing, an Aboriginal Housing organization.

MGR and BUILD also buy materials through Pollock's Hardware, a local co-operative with its warehouse in the same Social Enterprise Centre where BUILD, MGR and Aki Energy are located. Pollock's, MGR and BUILD jointly own the Social Enterprise Centre.

Trainees that end up being hired by MGR earn an average of \$13.50/hour and can eventually make up to \$25/hour. They also receive benefits.

These three social enterprises offer great promise in reducing GHGs and creating new jobs. Scaling geo-thermal, wind and solar activity up to meaningful levels will be difficult, but necessary if Manitoba is to make gains in the so-called green economy. These next steps will be considered later in the paper.

It must also be noted that the training and job-creation aspect of these organizations is fragile,

as evidenced by the reduction in the number of trainees BUILD can now accommodate. Attitudes towards using procurement have made it difficult to align the number of jobs with the number of trainees who could be accommodated. Furthermore, critics point to the fact that we don't know the long-term effects these training programs have on participants. Of those who stay for the full six-month training, how many are able to transition into jobs in the private sector? This is an important question given that government-supported social enterprises cannot possibly hire all the graduates, especially if a change in government results in an ideological shift away from using procurement to support these initiatives. Graduates have to be able to move into a considerably tougher private job market where employ-

ers are not as willing to provide second or third chances to those who struggle with attendance, tardiness or performance on the job, no matter how challenging a worker's private life may be.

Although we don't have quantitative data, anecdotal evidence suggests that many BUILD/BEEP graduates struggle to succeed in the private sector or with further training. Recent Manitoba research into Labour Market Intermediaries (LMIs)¹⁹ suggests they could be a means to help graduates transition into the labour market. The Manitoba government expressed an interest in pursuing an LMI strategy in its 2015–16 Budget Papers;²⁰ such a program could help increase the labour market participation for a previously unemployed segment of the population. LMIs will be discussed in greater detail later.

The Role of Government

This section will explain the combination of legislation, regulations and procurement policies that allow these enterprises to operate. It will also discuss how improvements to legislation could increase social enterprises' capacity.

Neighbourhood Renewal Corporations

Under the province's Neighbourhoods Alive program, there are thirteen Neighbourhood Renewal Corporations (NRCs) in eight towns and cities. Neighbourhood Renewal Corporations have the capacity to administer BEEP and assist BUILD in reaching low-income residents who would benefit from housing retrofits. The creation of the Neighbourhoods Alive Tax Credit allows corporations that partner with charitable organizations to establish new social enterprises in Manitoba a non-refundable 30% corporation income tax credit, in addition to the deduction for their corporate donation. NRCs give the province a framework to leverage community support for social enterprise and build capacity for residents.

Legislation

A combination of new and existing legislation supports conservation and renewable energy so that social enterprises can participate in building retro-fit work and the development of renewable energy.

Manitoba Hydro is a Crown Corporation, formed and governed by the *Manitoba Hydro Act*. Other legislation relevant to creating greener jobs includes *The Climate Change and Emissions Reductions Act*, *The Sustainable Development Act* and *The Energy Savings Act*. Government initiatives like Manitoba's Clean Energy Strategy, Tomorrow Now, Neighbourhoods Alive and the Community Economic Development (CED) Framework and CED Lens complement the legislation. Support for the new Manitoba Social Enterprise Strategy (discussed a little later) has potential to further expand social enterprise's reach in the province.

Both *The Manitoba Hydro Act* and *The Energy Savings Act* have informed Manitoba Hydro's Demand Side Management (DSM) program that helps customers reduce power usage (called Power Smart), and which assists low-income families with retrofits.

The piece of legislation that has really allowed the three Manitoban social enterprises to operate is *The Energy Savings Act*.

Manitoba's Energy Savings Act

Brought into effect in 2012, *The Energy Savings Act* contains three key elements that support social enterprises such as the three we have looked at. Those elements are:

- The Affordable Energy Fund. This fund receives revenue from Manitoba Hydro exports. Previously falling under a different Act, use of the fund was expanded to include the “support of social enterprises and community organizations in assisting people or neighbourhoods to participate in such activities.”²¹ The fund is also meant to improve energy efficiency and reduce GHGs.
- The Energy Efficiency Plan requires Manitoba Hydro to provide a plan for increasing energy efficiency and to update and report annually on that plan. The plan must include energy efficiency targets and a strategy to reach them.
- Various loan programs including the On-Meter Efficiency Improvement Program — which enables Manitoba Hydro's Pay as you Save (PAYS) — and the Affordable Energy Program (AEP). These programs are run by Manitoba Hydro and offer some free upgrades, depending on income, and a variety of financing options for home energy improvements such as new insulation, windows, energy efficient furnaces and geo-thermal heating.

The first and third points are key to advancing the activities of BUILD/BEEP, MGR and Aki En-

ergy. The language around social enterprises and neighbourhood organizations allowed BUILD to expand its reach beyond government housing. It won the contract to do housing retrofits in the William Whyte neighbourhood, part of Winnipeg's low-income North End. It also facilitated the involvement of the North End Community Renewal Corporation so it could hire low-income residents to go door to door and advise home owners of the program.

Uptake in the William Whyte neighbourhood was disappointing, revealing a need for Manitoba Hydro to educate the public around the benefits of home retrofits. If a household is in arrears with Hydro — and many low-income households are — it does not qualify for the PAYS program. The Province is in the process of making its DSM program more arm's length supposedly, according to the Public Utility Board, in order to make it more effective, but some are critical of this plan, arguing that distancing the program from Manitoba Hydro could jeopardize its focus on maximizing the public good.

The Act's support of social enterprise and the on-meter efficiency improvements program have allowed Aki Energy to employ First Nations workers, reduce energy costs for First Nations families and lower GHGs, but there is potential to increase this work much more. There are sixty three First Nations in Manitoba and the PAYS program is available in only four of them.ⁱⁱⁱ There is also a need for different kinds of conversions to be done in larger commercial projects on Reserve.

Given the potential for social enterprises to train and employ previously unemployable workers and save costs in health, family services and the justice system, the Act could go further. Local researchers have noted that the reach of the Act could be far greater if it prioritized so-

iii There are four First Nations in Manitoba that rely on diesel generated energy. The federal government pays up to 90 percent of utility costs on First Nations, yet it is unwilling to invest the capital costs necessary to install energy and cost-saving infrastructure. The federal government should partner with Manitoba Hydro to find ways to lower energy costs and GHGs in these communities. Unfortunately, they are not suitably placed for geo-thermal.

cial enterprises for the retrofits. It should also establish hard targets for the number of homes retrofitted by social enterprises. In fact recent developments have set the environmental impact of government procurement back. The move away from having BUILD and MGR do retrofits in favour of other kinds of renovations prevents these organizations from expanding. Rather than an “either/or” approach, the Province should be using them for both kinds of work.

The second point in the legislation — the energy efficiency plan — could provide impetus for using social enterprises to concentrate on retrofits. If the target for retrofits were increased, social enterprises, with the help of the Neighbourhood Renewal Corporations, could be part of the strategy to meet the target. The Minister responsible for Manitoba Hydro should strengthen its mandate so that it has to do energy retro-fits for a greater number of low-income housing units.

The Manitoba Hydro Act

The Manitoba Hydro Act (MHA) determines the degree to which Manitoba Hydro expands into other forms of renewable energy such as solar, wind, geo-thermal and biomass. The local environmental community has criticized the utility for not putting enough resources behind these other forms of energy and creating more green jobs.

Some point to a need to update the MHA (created in 1961) to meet today’s climate change challenges.²² Strengthening the Act to specifically promote ground source heat pumps and other emerging renewable energy would complement the inroads MH has made in partnering with First Nations communities in other areas, such as training and employment in hydro dam development.

The Climate Change and Emissions Reduction Act (CCERA)

The Climate Change and Emissions Reduction Act (CCERA) focuses on reducing GHSS, pro-

moting sustainable economic development and energy security.²³ It too undertakes to establish targets to combat climate change in a way that is “complementary or compatible” with different sectors in Manitoba’s economy.²⁴ A stronger connection between the two Acts could strengthen the scope of government procurement to use social enterprises for retrofitting Manitoba Housing property, particularly given that the CCERA has a green building requirement for all property owned by the government or a government agency. The new furnace standards required in the legislation have benefited the social enterprises like BUILD and BEEP; hard targets for using social enterprises to do energy-efficient furnace installations would train and employ more marginalized workers.

Non-Legislative Government Initiatives

Community Economic Development (CED) in Manitoba

Acting on decades of involvement with CED in the province, the current Manitoba government has made CED a priority across departments as demonstrated by Manitoba Housing’s procurement policies and the language in *The Energy Savings Act*. This government ‘buy in’ is the culmination of several factors, including a long tradition, going back to the 1950s, of government support of CED; the ideological bent of the current government; the understanding that some high-level bureaucrats have about CED and its practical application; a strong CED community led by the local chapter of the Canadian CED Network; and nationally and internationally respected CED leaders such as Dr. John Loxley who has helped CED organizations get started and who teaches the economics of CED at the university level.²⁵

The government integrates and coordinates its resources with in-community initiatives such as Neighbourhoods Alive, The Communities

Economic Development Fund, The Community Choices Program and the Northern Development Strategy. It has also provided core funding to community groups such as SEED Winnipeg and the neighbourhood renewal corporations mentioned earlier in this paper.²⁶

Social Enterprise Strategy

The province refocused aspects of job training with its programming for poverty reduction and social inclusion. Its 2013 Strategy for Sustainable Employment and A Stronger Labour Market caught the attention of CCEDNET staff, who met with ministers to propose that they include social enterprises as a means to expand training and employment to multi-barriered workers. As a result in Budget 2014 the Province committed to work with social enterprises to devise a strategy:

Manitoba social enterprises, such as BUILD and ImagineAbility, have a proven track record of helping people — who may have never held a job — enter the workforce. This year we will work with social enterprises to create a comprehensive strategy to grow the sector and create more first jobs.²⁷

The Canadian CED Network's (CCEDNET) Manitoba office worked with the Province of Manitoba to begin developing such a strategy. In a document titled: *Manitoba Social Enterprise Strategy. A Strategy for Creating Jobs through Social Enterprise* the two co-producers explain why social enterprise should play a role in Manitoba's economy. CCEDNET, as a strong proponent of community-led development, sees the value in supporting organizations that use "a business model to realize social, cultural and environ-

mental outcomes ...".²⁸ The Minister of Jobs and the Economy and the Minister of Family Services refer to the difficulty that many low-income Manitobans face in gaining decent jobs. The two challenges the Ministers hope to address with a social-enterprise strategy are reducing poverty and growing the labour market.²⁹

A steering committee made of members from Manitoba social enterprises, CCEDNET staff and staff from three provincial departments is currently working on finishing the strategy. It remains to be seen how it will be used to expand the sort of activity discussed in this paper (the new Social Enterprise Team at Manitoba Housing is a start), but potential pitfalls need to be avoided if the strategy is to succeed.

Social enterprises have to maintain a delicate balance between realizing their social mandate and being absorbed completely into a for-profit business model. A series of federal government sponsored CED initiatives in the 1990s put so much emphasis on business development that they wiped out any benefit that the community might have realized.³⁰ If government is to evaluate the success of CED in general and social enterprises in particular, it must move beyond a narrow business mentality that only considers a narrow range of quantifiable measures. The opportunity cost of *not* helping marginalized workers must be weighed next to the costs of incarceration, healthcare, broken families and unrealized human capital.³¹ It must also be willing to keep engaged for the long run.

Hopefully the existing and subsequent provincial governments will remain true to the spirit of CED and social enterprise so the Strategy can succeed.

Where To From Here?

Manitoba has experienced a 15-year growth spurt in community-led economic development and social enterprise development. It can now claim to have one of the most advanced CED frameworks in the country. This growth to a large degree was the result of past and current governments' acceptance of community-led, participatory initiatives, a strong CED sector, and a variety of CED supporters strategically located in government and the social enterprise sector.

We have seen how a combination of legislation, government programs and procurement and collaboration with the CED community has brought the social enterprise sector where it is today. We have also seen how both the legislation and programming need to be reinforced so that more training, retro-fitting can take place and more renewable energy used. The Social Enterprise Strategy needs to guard against too much 'enterprise' and not enough 'social'.

Finally, further supports are needed to help those trained and employed by social enterprise transition into the private sector. The next section will explain how a Labour Market Intermediary could help marginalized workers transition into private sector jobs.

Labour Market Intermediaries (LMIs)

Manitoba typically has relatively low unemployment rates and employers have identified a shortage of skilled workers as a major concern.³² If implemented properly, an LMI could be popular with private-sector employers who want to hire marginalized Aboriginal workers, but who have not had success doing so.

The provincial government, through its recent budget papers³³ and commitment to the Social Enterprise Strategy, acknowledges the contribution CED and social enterprise bring to its broader mandate of helping youth find jobs, but it hasn't yet puzzled out how to allow marginalized youth succeed in the private job market. Few private-sector employers are willing and/or able to accommodate multi-barriered workers despite the fact that many report that they can't find qualified workers.³⁴ This situation would indicate that most employers are not interested in investing in the sort of training that many Manitobans need.

The majority of Aboriginal workers need no assistance in finding and keeping jobs. Nonetheless, given the rapidly growing Aboriginal population in Manitoba, many of whom are dealing with the crippling legacy of colonization,³⁵ a strategy is required to help those Aboriginal workers

who struggle with labour market attachment. A government supported Labour Market Intermediary (LMI) is just such a strategy.

Manitoba specific research³⁶ explains how a community-based, Aboriginal focussed LMI would help. An LMI — with provincial and ideally municipal support — would manage a network of community based organizations (CBOs) that service multi-barriered workers, educational institutions, employers and relevant trade unions. CBOs include those that help with addictions, obtaining necessary documentation such as drivers licenses, childcare, domestic violence, resume preparation, counselling and job and life skills training. Decolonization and First Nations cultural education is often an important component of what CBOs and educational institutions offer to both employees and those employers willing to participate.

An LMI would assign caseworkers to multi-barriered job seekers so they have ongoing support throughout their employment path — whether they've just finished training, or are transitioning from a social enterprise to the private sector, or even if they're struggling on the job.³⁷ Although an LMI can be modeled to fit many types of workers, the Manitoba specific research recommends focusing on the specific needs of multi-barriered workers as their needs are so different from those of the population at large. As such an LMI to help BUILD/BEEP/MGR and other social enterprise workers would be tailored to the needs of Aboriginal job seekers, employers who want to hire them and the CBOs who have trusted relationships with this cohort of job seekers.³⁸

An LMI does not provide direct services to employees and employers. It assesses the needs of both, and what each has to offer, and connects workers with employers and/or training and/or counselling. The LMI would also be able to connect employers with CBOs or unions who could provide information on how to avoid racist

practices on the job, including educating all their workers about colonialism and racism.

Specific details of how the LMI would work will require the cooperation of all the players. The first step would likely be to establish an advisory board with members from each of the institutions involved. There would be a crucial role for both the CBOs and the union movement to play in making sure the governance structure represented everyone's interests.

Eventually the LMI could also specialize in connecting job seekers to jobs that reduce GHGs and/or develop new technology so as to enforce the province's commitment to greening the economy. If Manitoba Hydro, Winnipeg Transit and Red River College (which specializes in developing alternative energy for transportation) were to be part of an LMI, for example, the scope for training and hiring would be considerable. Relevant unions could assist in finding jobs for these workers. For example, UNIFOR, whose members work at New Flyer — a company that builds electric buses — and the Amalgamated Transit Union Local 1505 — which represents workers who refurbish city buses — could assist in finding jobs for these workers. The Amalgamated Transit Union has noted a shortage of skilled workers and is keen to partner with educational institutes to train Aboriginal workers so that they could access good union jobs with the City.³⁹ To date the Transit Union's attempts to engage the City of Winnipeg in such a strategy have not been fruitful despite the City's commitment to hiring young Aboriginal workers through its Aboriginal Youth Strategy.⁴⁰

The Manitoba CED and anti-poverty community has been recommending for some time that the province back an LMI⁴¹ so the commitment in the 2015 provincial budget to consider this strategy was well received. If implemented, it will be an important development in bringing the work of Manitoba's social enterprises full circle.

Conclusion

Manitoba provides an interesting case study in how a combination of legislation and policy can build a framework to support social enterprise. Although not the only policy tool available to create green jobs, social enterprise offers a way to train previously unemployed (and considered by many to be unemployable) workers, reduce poverty and, if a comprehensive approach is taken, help these workers transition into the private sector. Other Canadian jurisdictions would have to design a framework that would fit their particular economic and political circumstances, but as Manitoba shows, if the political will is present, legislation and programming can be designed to exploit the energy and creativity of the local social enterprise community. Clearly political will is a necessary condition for success and, as we have seen, that will needs to be sustained over the long term so that the framework can grow and the model can realize its full potential.

Much of the willingness of the Manitoba government to underpin social enterprise is no doubt attributable to having a government in power that appreciates the role of social enterprise and is willing to support it. Clearly much has been accomplished in the 15 years the current government has

been in office. Any ideas regarding how the sector might survive a change in government — should that occur in April, 2016 — are purely speculative, but many are wondering. Elements may survive but the big fear is that a different party would not see the value in what has been so painstakingly built up over the years. It would be tragic if the framework were dismantled; much has been gained and there is much more left to do.

If Manitoba were to follow Ontario's example and privatize Hydro the damage would be considerable and Manitoba would join the ranks of those governments doing more harm than good. The provincial Conservatives' promise to use Social Impact Bonds to fund non-profits would indicate a fundamental departure from the sorts of strategies this paper has described.⁴²

Although government support is crucial to move a social-enterprise strategy, we must also remember that the local CED community plays a big part in educating the public and policy makers, as well as building cross-sectoral support for social enterprise. Even in difficult times, there is much it can do in the wings so that the sector can respond when political fortunes align with community aspirations.

Bibliography

- Bernas, Kirsten, 2015. *The View from Here 2015. Manitobans call for a renewed poverty reduction plan*. Canadian Center for Policy Alternatives Manitoba and the Canadian Community Economic Development Network. Available at: <https://www.policyalternatives.ca/publications/reports/view-here-2015>
- Bernas, K. and Shauna MacKinnon, 2015. *Making a Case for a Labour Market Intermediary: The Experience of BUILD*. The Canadian Centre for Policy Alternatives Manitoba. Available at: <https://www.policyalternatives.ca/publications/reports/making-case-labour-market-intermediary-o>
- Bernas, K. and Blair Hamilton, 2013. *Creating opportunities with green jobs: The story of BUILD and BEEP*. Canadian Centre for Policy Alternatives Manitoba. Available at <https://www.policyalternatives.ca/publications/reports/creating-opportunities-green-jobs>
- Canadian Centre for Policy Alternatives, 2014. *Taking Back the City. Alternative Municipal Budget Winnipeg 2014*. Available at: <https://www.policyalternatives.ca/publications/reports/taking-back-city>
- Canadian Community Economic Development Network and The Province of Manitoba, 2015. *Manitoba Social Enterprise Strategy. A Strategy for Creating Jobs through Social Enterprise*. Canadian Economic Development Network – Manitoba; Housing and Community Development, Government of Manitoba; Family Services, Government of Manitoba; Jobs and the Economy, Government of Manitoba.
- Demerse, Clare, 2011. *Reducing Pollution, Creating Jobs. The employment effects of climate change and environmental policies*. The Pembina Institute, March 2011.
- Fernandez, Lynne, 2005. *Government Policy towards Community Economic Development in Manitoba*. A Thesis Submitted to the Faculty of Graduate Studies in Partial Fulfilment of the Requirements for the Degree of MASTER OF ARTS. Department of Economics, University of Manitoba.
- Fernandez, L., Shauna MacKinnon and Jim Silver, Editors (f/c). *The Social Determinants of Health in Manitoba 2nd Edition*. Winnipeg, Canadian Centre for Policy Alternatives, Manitoba.

- Fernandez, L. and John Ryan, 2011. *Power Struggle: Manitoba Hydro and the Spectre of Privatization*. Canadian Centre for Policy Alternatives Manitoba. Available at: <https://www.policyalternatives.ca/publications/reports/power-struggle>
- Kives, Bartley, 2015. "City spinning wheels on trash. Implementation of curbside organic-waste collection delayed." Winnipeg Free Press Online Edition, 08/26/2015. Available at: <http://www.winnipegfreepress.com/local/city-spinning-wheels-on-trash-322918791.html>
- Lee, M. and Amanda Card, 2012. *A Green Industrial Revolution. Climate Justice, Green Jobs and Sustainable Production in Canada*. Canadian Centre for Policy Alternatives, BC. Available at <https://www.policyalternatives.ca/publications/reports/green-industrial-revolution#sthash.8y6qgtUZ.dpuf>
- Loewen, Garry, no date. "The Good News from Manitoba. How one provincial government has evolved into a leader in CED policy and programing" in *makingwages*, volume 15, number 2.
- Loney, Shaun. BUILD Prosperity. Energizing Manitoba's Local Economy. Available at: <http://buildinc.ca/build-prosperity/>
- Loxley, J. and Laura Lamb, 2007. "Economics for CED Practitioners" in *Doing Community Economic Development*. John Loxley, Jim Silver and Kathleen Sexsmith, editors. Fernwood Publishing and The Canadian Centre for Policy Alternative, Manitoba. Winnipeg.
- MacKinnon, Shauna, 2015. *Decolonizing Employment: Aboriginal Inclusion in Canada's Labour Market*. Winnipeg: University of Manitoba press.
- Manitoba Bureau of Statistics, 2014. *The Province of Manitoba's 2013 Year-in-Review*.
- Manitoba Hydro-Electric Board, 2014. Re-powering our province: 63rd Annual Report – For the Year Ended March 31, 2014. Available at: http://www.hydro.mb.ca/corporate/ar/pdf/ar_2013_14_final_web.pdf. Accessed on June 6, 2015.
- Mazzucato, Mariana, 2014. *The Entrepreneurial State. Debunking Public vs. Private Sector Myths*. Anthem Press, London UK
- Province of Manitoba, 2015. Budget Paper E: Reducing Poverty and Promoting Social Inclusion: Available at: <http://www.gov.mb.ca/finance/budget15/papers/poverty.pdf>
- Silvius, R. and Shauna MacKinnon, March 2012. *Making Employment Work: Connecting Multi-barriered Manitobans to Good Jobs*. Canadian Centre for Policy Alternatives Manitoba. Available at: <https://www.policyalternatives.ca/publications/reports/making-employment-work-o>

Endnotes

- 1 Quoted in Claire Demerse's *Reducing Pollution, Creating Jobs*. Page 5.
- 2 Marian Mazzucato; *The Entrepreneurial State. Debunking Public vs. Private Sector Myths*.
- 3 Lee and Card; *A Green Industrial Revolution*, page. 20.
- 4 Manitoba Hydro-Electric Board, page 5.
- 5 Fernandez and Ryan.
- 6 Manitoba Hydro-Electric Board, page 36.
- 7 Ibid, page 59.
- 8 Fernandez and Ryan, pages 4, 5.
- 9 Demerse, Claire, 2011. Page 27.
- 10 Page 39.
- 11 <http://www.akienergy.com/>
- 12 <http://news.gov.mb.ca/news/index.html?item=34396>
- 13 Neighbourhoods Alive website: http://www.gov.mb.ca/housing/neighbourhoods/na_bg/index.html
- 14 <http://bnrc.ca/solutions-to-end-poverty-permanently>
- 15 Bernas and Hamilton, 2013. Page 17.
- 16 Ibid.
- 17 Kives, Bartley, August 26, 2015.
- 18 <http://www.mgrinc.ca/services/>
- 19 Bernas and MacKinnon, 2015.
- 20 Province of Manitoba, 2015. Page 2.
- 21 *The Energy Savings Act*. Available at: <https://web2.gov.mb.ca/bills/40-1/b024e.php>
- 22 Loney, Shaun. BUILD Prosperity. Energizing Manitoba's Local Economy. Available at: <http://buildinc.ca/build-prosperity/>
- 23 *The Climate Change and Emission Reduction Act*. Available at: <https://web2.gov.mb.ca/laws/statutes/ccsm/c135e.php>.
- 24 Ibid, 4. (a) and (b).
- 25 Fernandez, Lynne, 2005 and Loewen, Garry, no date.
- 26 Fernandez, Lynne, 2005.
- 27 Canadian Community Economic Development Network and The Province of Manitoba, 2015. Page 5.
- 28 Ibid, page 5.
- 29 Ibid, page 4.
- 30 Fernandez, L. 2005. Page 131.
- 31 Loxley and Lamb, 2007. Page 206.
- 32 Manitoba Bureau of Statistics, 2014. Page 17–18.
- 33 Province of Manitoba, 2015.
- 34 Manitoba Bureau of Statistics, page 18.
- 35 Fernandez, L., Shauna MacKinnon and Jim Silver, Editors (f/c). *The Social Determinants of Health in Manitoba 2nd Edition*. Winnipeg. Canadian Centre for Policy Alternatives, Manitoba.
- 36 Bernas, K. and Shauna MacKinnon, March 2015; Silvius, R. and Shauna MacKinnon, March 2012.
- 37 Bernas Kirsten, January 2015. Page 34.
- 38 Bernas, K. and Shauna MacKinnon, 2015. Page 3.
- 39 Personal conversation with John Callahan, President, Amalgamated Transit Union, Local 1501.
- 40 Canadian Centre for Policy Alternatives MB 2014. Page 31.
- 41 Bernas, Kirsten, 2015. Page 36.
- 42 "Pallister promises private bonds for non-profits". Winnipeg Free Press, online version: 06/09/2015.



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
MANITOBA OFFICE

Unit 205 – 765 Main St., Winnipeg, MB R2W 3N5
TEL 204-927-3200 FAX 204-927-3201
EMAIL ccpamb@policyalternatives.ca
WEBSITE www.policyalternatives.ca