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Chair

Mr. Phil McColeman

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

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• (1530)

[English]

The Chair (Mr. Phil McColeman (Brant, CPC)): Good afternoon, ladies and gentlemen, and welcome. This is meeting 48 of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. We're continuing today with our study exploring the potential of social finance in Canada.

Here to provide testimony for our first hour, we are pleased to have with us Mr. Naveed Chaudhry, executive director of the Peel Multicultural Council, and Mr. Jagdeep Kailey, the manager of settlement services. From the Ottawa United Way, we have Ms. Carole Gagnon, vice-president of community service. Finally, from the Eden Community Food Bank, we have Mr. Bill Crawford, the executive director, and Mr. Peter Costello, the director of operations in food skills.

After the first hour of witnesses, we will have an hour of committee business.

Let's begin. Each of your organizations has up to 10 minutes to present. I'll have you on a clock and I'll give you a one-minute warning when you are approaching your 10-minute maximum.

Why don't we proceed with whoever is going to present from the Peel Multicultural Council?

Mr. Naveed Chaudhry (Executive Director, Peel Multicultural Council): Thank you, Mr. Chair.

On behalf of the Peel Multicultural Council, its board and staff, I thank the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities for giving us the opportunity to present our social enterprise project to this committee.

I would like to take this opportunity to introduce our organization to the committee. Peel Multicultural Council, founded in 1977, develops and implements innovative strategies to help and empower newcomers, racial minorities, and other marginalized communities to obtain self-sufficiency. It's a charitable, non-profit organization that promotes a harmonious multicultural society and facilitates the settlement of newcomers to Canada.

We have a long history in the Region of Peel. Our three main areas of service are to assist the settlement of newcomers; promote ethnocultural diversity, equity, and equality; and build community

capacity. This social enterprise falls into that third area of building community capacity.

As you can see, achievement-wise, in our history of about 38 years, we started actually in the area of public education and awareness, mainly in the areas of equity, equality, diversity, race relations, and social justice. We pioneered cultural sharing and appreciation through multicultural festivals and events, and encouraged civic participation by newcomers to Canada. This means that we have, I think, of all the regions, the highest percentage of those who were born outside to be elected to the federal and provincial parliaments. The participation level is pretty high in our area.

With regard to community development, we have established and assisted in the development of many community groups. We have developed neighbourhood services in the Meadowvale area. We have established 112 units of non-profit housing, which is now by itself under its own board of directors.

In the settlement area, we have been providing settlement services since 1985. We started with ESL job development, then language training, which is the LINC program. Now we have information, orientation, and referral services, job search workshops, enhanced language training with bridged employment, community connections for both youth and adults, and newcomer settlement programs.

These programs help the community of Meadowvale, where we are located, in the Streetsville—Mississauga riding of Mr. Brad Butt. We have been providing these services in a very efficient manner. We have seen our member of Parliament to be very supportive, and always for his community organizations very helpful and always working very hard for the community.

Services-wise, as I just said, we have language training and employment support. In employment support, not only do we provide them with training but we also assist them in placement and finding paired jobs also. We also provide newcomer settlement services funded by the province. This funding allows us to help those newcomers who have become Canadian citizens and can no longer access CIC-funded services. They access those services through this program.

Community Connections is where we connect new immigrants with already established and settled mentors from the area, so they can help them develop their networks and also guide them in the settlement process.

The social enterprise project of PMC is under development. I will go through where we are in that process.

The goal of PMC's social enterprise is an initiative to deliver excellent social service products and services and meet the needs of the community that are not being met with the currently funded structure; enhance our social mission; and contribute to the sustainability of PMC. So we get three things out of the social enterprise.

How did we get to this process? In early 2014 PMC decided to explore social enterprise as tool for addressing emerging service needs in the community, in our area, and sustainability for PMC.

● (1535)

We undertook three social enterprise ideas and conducted pre-feasibility studies: legal, immigration and allied services as social purpose enterprise; computer training as a social purpose enterprise; and computer repairs as a social purpose enterprise.

Now, all of these areas are related to the strength of the PMC. The PMC has a very strong IT department also, so that's why we chose these areas. Based on financial projections—you will see those further down in the presentation—and also the closeness to the kind of services we provide, we chose legal, immigration, and allied services as our social enterprise .

Why do we think we are ready for undertaking this task? PMC management has undergone comprehensive training to develop and deliver social services. This training was provided by the Region of Peel. Orientation training for PMC board and staff was conducted to have them on board with the idea, so that the whole organization is behind it. PMC has incorporated this in its strategic plan for 2015-2020.

PMC conducted pre-feasibility studies, as mentioned earlier, and based on financial projections and alignment with our services, we chose this enterprise not just because we liked a certain idea; there was a rationale to do it.

PMC's staff already has certified paralegals, certified immigration consultants—though not practising in our current services—settlement workers, interpreters, and translators. We are equipped with the technical abilities that are required to deliver these services.

PMC has enough space in its current building to create a social enterprise office to deliver this service. We are well connected to the community. There are about 75 organizations that are members of PMC, and we ourselves belong to a number of networks, including OCASI, which is the umbrella organization for settlement services in the province of Ontario.

One of the reasons for choosing legal, immigration, and allied services as a social enterprise was that, through various community consultations, we learned that there's a need for cost-effective and approachable legal, immigration, and allied services in our community. A feasibility study was done, and that also aligns with

it. This project is very close to what we do right now, and services under the social enterprise, as we said earlier, would be undertaken by registered paralegal and registered immigration consultants, so people can trust the service. Already PMC enjoys a high level of community trust for its services in the area.

Some of the services we plan to offer in each of the three areas of the chosen social service project are: small claims court; the Ontario Court of Justice under the Provincial Offences Act; summary conviction offences where the maximum penalty does not exceed six months; administrative tribunals, including the Financial Services Commission of Ontario; landlord and tenant services for small to mid-size landlords; and alternate dispute resolution services—namely, mediation and arbitration services.

● (1540)

The Chair: You have approximately one minute left, sir.

Mr. Naveed Chaudhry: Okay.

Other products for immigration are completing forms, visitor visas, Canadian Experience, the provincial nominee program, visitors, and student visas. Students are a big chunk of the population in the educational institutions in our region. There are about 3,000 to 4,000 students at Sheridan College and the U of T Mississauga campus.

Allied services will be translation, documentation, interpretation, assistance in locating affordable housing, and arranging pick-up services from the airport for investor newcomers; this is a service in demand.

If you look at the financial projection, estimated revenue for three years is \$468,000. Estimated ongoing costs will be \$445,000 in the first three years. Estimated net profit of the enterprise in the first three years is \$23,000. The enterprise will not require any financial assistance from funders in year three. The estimated net profit for the first five years is \$141,000.

So in year five, we will generate about \$70,000 of profit that will be reinvested in the community.

The Chair: Thank you very much for your presentation.

Now we'll move on to Ms. Gagnon from the Ottawa United Way.

Ms. Carole Gagnon (Vice President, Community Services, United Way Ottawa): Good afternoon, ladies and gentlemen.

[*Translation*]

On behalf of United Way Ottawa, I am delighted to contribute to your discussion on the role social finance plays in Canada.

[English]

As we view it, social finance is about drawing in new participants and new sources of capital and creating positive and meaningful change in our communities. We appreciate that there is much to be done to seed this ground and to create an enabling legislative environment.

United Way Ottawa is also considering the role that social finance may have, as are many others of our colleagues across North America, and for very good reasons. Traditional ways in which we have been funding social issues are experiencing tremendous transformation. Many factors will continue to pressure government funding in the area of social service spending.

Another dynamic at play is the significant shift presently reshaping philanthropy. Donors are becoming less and less motivated to give based on the notions of charity and duty. Increasingly, they want to know what impact their contributions make, and we believe that's a good thing.

[Translation]

All those elements bring us to the painful realization that investors in the social services sector can no longer tighten their belts and wait for better times.

[English]

We are all under increasing scrutiny to report back to our stakeholders on the results of our funding directions and decisions. The reality we have not yet faced is that the system we have collectively built to deliver social services in this country was designed for a time that has long since passed.

The juxtaposition of these two dynamics makes it challenging for all of us to collectively do differently with the resources entrusted to us. We therefore have a responsibility to invest in the evolution of the social service sector so that it may be responsive to changing needs, capable of measuring results, and accountable to donors and funders.

[Translation]

Given those dynamics, we are all wondering—at United Way Ottawa, and more particularly across the entire movement—how we can continue to finance our communities and effect change in them. How can we exercise leadership while helping our sector prosper?

[English]

I will confess that we are not yet sure if social finance is “the” answer. We appreciate that it is early days and risk is inherent. At the same time, United Way Ottawa has committed itself to exploring its potential. Here's why.

First, we see social finance in its broadest expression attracting new sources of capital that our sector will need. When we hear the projections of RBC and others in terms of the appetite for this kind of investment, it would be a mistake to leave the money on the table only for it to go elsewhere in time.

We certainly view private capital investment as an opportunity for new conversations with our long-time donors, many of whom we already speak to in investment terms. The potential to attract new

stakeholders to our work is there as well and will require greater engagement of all sectors. Social finance vehicles, such as social enterprise investing and some of the most basic elements of social impact bonds, are areas where we have already begun experimenting, with strong results that are appealing. This brings me to my next point.

I believe you've heard from a number of previous witnesses—I believe you've had 48 meetings—that the social service sector in particular is struggling to be investment ready, which puts us at a distinct disadvantage in this new world. I would not presume to say that it is easier to demonstrate results in the areas of environment or health, where social finance vehicles are being similarly explored, but I do believe it is safe to say there is a far stronger foundation of evidence-based practices within these sectors.

The social service sector is only recently arriving at this place, due in part to the fact that funders have only lately been investing in it as part of our financial contribution. Ask anyone in the fields of health or environmental sustainability, and you will hear that research, evaluation, and measurement are part and parcel of the investment cost. When United Way Ottawa adopted an impact mission almost 15 years ago, I am not sure we appreciated what it would take to help our sector consistently and effectively measure the outcomes of our collective work.

● (1545)

Few measurement tools were available, and they were certainly not well understood, utilized, or applied consistently. It was possible to tell you how many people were in any one program, how many were on a waiting list, but we found ourselves very hard pressed to know whether those programs were contributing to the social outcomes that we were looking for.

Over the last few years, our capacity to roll up program reports is allowing us to begin providing community-level results. The measurement field is only now emerging for the social service sector. We believe exploring social finance tools will provide yet another framework and impetus to hasten this evolution toward impact measurement.

Lastly, social finance pushes at the boundaries of our traditional silo approach to social change. It has been demonstrated time and time again that very few complex social issues will be solved by any one sector alone. Our work frequently calls upon us to engage the strengths, assets, and perspectives of government, business, and community. We make the greatest progress when we are aligned. We also believe social finance will bring new partners to the sector.

In closing, I leave you with three thoughts.

One, philanthropy and government funding will not be enough for us to meet the social challenges facing us. We need to widen the pool of resources and sharpen the responsibility for achieving better results. Social finance may not be perfect, but it is a path worth serious examination.

Two, the social service delivery system we currently work within was built for another time, and it is unsustainable. It is a system we built. Now, as funders, we must help to reshape it in a responsible and sustainable fashion.

Finally, while it is very likely that the social finance instruments we are looking at today may evolve over the next decade, they will evolve only by practice and testing. The learning we can derive is greatly needed.

In each of these three instances, we will do our part, but we will need government to do its part as well.

[*Translation*]

Thank you for your attention. I would now gladly answer any questions.

[*English*]

The Chair: We thank you for your presentation.

Just for clarity, this is our seventh meeting on the social finance issue.

Ms. Carole Gagnon: Oh, I'm sorry.

The Chair: However—I'll explain—this is the 48th meeting in the 41st Parliament.

Ms. Carole Gagnon: I knew I understood “48” somewhere.

The Chair: We count right from the time we start a new Parliament. So we've had 48 meetings, of which this is our seventh committed to this subject matter.

I just wanted to clarify that.

Ms. Carole Gagnon: Thank you for that clarification.

The Chair: Mr. Crawford, will you speak on behalf of your organization?

Mr. Bill Crawford (Executive Director, Eden Community Food Bank): Yes, thank you.

Thank you to the committee and to our MP, Brad Butt, for inviting us to present on our work at the Eden Community Food Bank and to speak on social finance from the charitable perspective, from our perspective.

I'll start by telling you a bit of a story about my background. I was first called an entrepreneur about 20 years ago, after I founded and established a not-for-profit charitable organization for at-risk youth. At the time I said, “How can I be an entrepreneur? I am not a business person. I didn't start a business. I don't have investors.” But I did raise millions of dollars over the years to help homeless and at-risk youth to have a better life. I was, and I am now, what people have come to call a social entrepreneur. My investors are donors, and the return on investment I was promising and delivering was the social return of changed lives.

It used to be that people found a charity they liked, one that did the charitable aims that they were interested in—for example, a refuge for abused women, or food for hungry people—and they made a donation without any expectation of any specific change or reporting on that change. The relationship was much simpler: the charity did the work and the donor made a donation to support that work, end of story.

Today there is a greater expectation that their donations will effect a change, often a specific change that is more long-lasting, and that the change or outcomes can be measured and reported. From individual donors to family foundations to the United Way and other major funders, all have begun to ask for outcomes and measurements towards the achievement of those outcomes. This has established a new dynamic, a two-way relationship with greater accountability to the charity's investors to report on the social return of their investment. I think the charitable sector and those who support it are ready for a change.

I'm from the Eden Community Food Bank, and we're in a time of transition. We are no longer just a food bank. We are changing from a traditional model of food banking—mainly food collection and distribution, a short-term response to the immediate need of hunger—to a new community food centre model that provides a more long-term and sustainable response to hunger, and hungry families, in western Mississauga. It's the social enterprise projects and also our fresh produce box program that are part of that new direction.

Charities are looking for new ways to generate income to expand their community impact. Donor dollars aren't as available as they once were. More and more requests to major funders often means that more organizations get less funding. Currently mostly of us are developing our own initiatives, working on proven models that we can find, and doing what we can. A national framework for developing social enterprise projects and making a social finance space or even a new corporate form, a new identity different from charity and from non-profits, would provide the foundation needed for that transition.

We also talked about measurement and how we measure. I believe a comprehensive, consistent, and universal measurement mechanism would also be helpful, because there are so many measurement tools out there. A unified measurement tool across the board would be helpful as social finance policies and programs are developed in Canada.

Current limitations to social finance come from the Canada Revenue Agency. The rules and regulations restrict a charity's involvement in social finance opportunities. There is confusion over what a related business is, and charitable boards are fearful of the CRA rules. The risk of losing their charitable status makes it difficult for charities to explore social finance opportunities.

I was an advisor on the start-up of a ministry to at-risk youth that operated a coffee shop, and when we applied for the charitable registration status, we were refused two or three times because they thought it was a failed business that was just trying to get a tax break, whereas 10 or 15 years ago it was on the forefront of this social enterprise trend and we were providing jobs for youth at risk.

• (1550)

The bottom line is that social finance in Canada is still relatively unknown. In the non-profit and charitable sectors there would need to be a lot more education on social finance and an easy-to-step-into opportunity for organizations to test the waters; basically more business-minded people with a heart for social development, where business and charity combine, to be able to work together.

One pitfall I see is that there are limited donation dollars available in Canada from businesses, foundations, and even individual donors. If we create a space where corporations can, instead of donating to a charity, invest with the idea of getting a return, that might take away from the donation dollars of Canada, so I just warn against that. Foundations are being asked to set aside a percentage of their funds for social enterprise projects. Again, that would take away from those charities that are asking for requests. Even for individual donors, given the option of making a pure donation with a social return or making a donation with a potential financial return, that's a hard choice to make for Canadians with their limited dollars.

I'll pass it over to Peter to talk specifically about our programs.

• (1555)

Mr. Peter Costello (Director of Operations, Food Skills, Eden Community Food Bank): Thank you.

I'm going to talk to you a bit little about the operational, about the groundwork that's happening.

We're in western Mississauga. We have about a quarter of a million people in our area that we serve. Of that, about 17%, or 40,000 people, would be considered potential users of the food bank system or as food-insecure. We deal a lot with what's called "modern malnutrition". Modern malnutrition is the fact that we eat too much, too much energy, and we seem to store it a lot. We usually tend to eat the wrong things.

What we've done in our community is we've opened a learning kitchen where we bring in clients from the community...or people from the community, not just clients. We teach them how to cook healthy food. We do it for free and we let them take home the food. We get a lot of support from a lot of corporate organizations and from the community on that.

We also do a couple of social enterprises. One, which we've seen a lot of success with, is called the fresh produce box program. That's where we deliver food at a very discounted price to the people of the community. We're getting more fresh fruit and produce into the community. What that does is it helps us to help the community to fight a lot of the health issues and the human issues around food insecurity. I'm sure you know a lot of them already—obesity and malnutrition, high school dropouts, child well-being issues, and social mobility issues are all found around hunger and also around debt. We do that. We also have a social enterprise where we work with other charitable organizations that maybe have partial funding

for food, like the Living Arts Centre of Mississauga. They go into the community and do their arts program and we provide the healthy lunches for these organizations. We get the revenue based on that. The fresh produce box program is a self-sustaining program where we sell just above our operational costs and that helps support our growth.

So that's kind of what we're doing. In terms of the challenges we have—I know we're kind of short on time here—although we are the largest organization fighting food insecurity, we are still only hitting about 0.6% of our population. And we are the largest one in that quarter-of-a-million people.

Our greatest challenge here is largely around building scale. That's what social financing could really help us out with: building scale. How can we effectively service the 20% of our population? That's what we're aiming for.

You'll have lots of questions. I think that's where we can address things better.

The Chair: We thank you for your presentation.

We'll now move on to questions from members.

We'll begin our five-minute round with Madam Sims.

Ms. Jinny Jogindera Sims (Newton—North Delta, NDP): Thank you, Chair.

I want to thank all of the presenters for coming and giving us your perspective and sharing your story with us.

My first question is for Carole Gagnon.

First of all, Carole, I'll thank you for being with us today, as I have everybody else.

On March 12, Margot Young from the Canadian Union of Public Employees came before this committee; you might know her. She expressed significant reservations about social finance. I'm going to quote from her and then ask you to comment:

We are also very critical of the companies that are promoting it. The fact that financialization of public human services will make matters worse on the ground results in people making money on public programs that are supposed to be helping the most disadvantaged in society.

We find that the worst part of the social finance initiative is what is called the social impact bond.

She said that this allows the government to delay paying for needed social services until sometime in the future, and continued that:

It's a kind of cynical marriage of financial investor opportunism and governments that want to push the costs of the current year off the books.

Social impact bonds leverage private sector money to invest in social services with the promise that the government will pay them back in four or five years with a substantial return on their investment. These returns are up to 12%...This tortured logic tries to tie up outdated and debunked notions that the private sector has something to offer in finding more efficient ways of delivering needed services.

I'm really interested in your perspective on Ms. Young's reservations and what you have to say about that.

• (1600)

Ms. Carole Gagnon: Thank you. I don't know Ms. Young, for the record.

The whole notion that the private sector money is bad money to invest in a social service sector is flawed, to be honest with you, because for years United Way has really relied on private contributions. Annually in Ottawa we invest between \$8 million and \$12 million. If you look at the history in the last number of years, with all the positive results that we have seen with the programs that we have supported, I would just put that in the centre of the room and say that I do not believe that has been bad money.

When we look at social impact bonds specifically, I think we have to consider that in the financial situation we all find ourselves in, government and funders alike, if there is a way to attract dollars from private citizens or corporations into the social service sector that could liberate some of the dollars that are presently invested by government to be redirected elsewhere, why would be closed to exploring that?

We had submitted a proposal to the Ontario government some time ago specifically around people with disability. I'll just give you some stats. We crunched some numbers. Shortened—

Ms. Jinny Jogindera Sims: I only have five minutes in total.

Ms. Carole Gagnon: Sorry. We crunched numbers, and we identified that if we targeted just 10% of the number of people who are to begin...gain living wages, it could result in as much as \$7 million in saving for the government annually.

Ms. Jinny Jogindera Sims: Thank you very much.

Because of the shortness of time, I'm going to ask people for yes-or-no answers, actually, all three of you.

Do you believe social finance will lead to fewer resources available for social services and a reduced quality of services for the public? Because of the shortness of time, yes or no.

I'll go to Naveed first.

Mr. Naveed Chaudhry: I don't think so, because we are not—

Ms. Jinny Jogindera Sims: Okay: thank you.

Ms. Carole Gagnon: No.

Mr. Bill Crawford: No, but with some reservations.

Ms. Jinny Jogindera Sims: Thank you very much.

The Chair: Mr. Butt.

Mr. Brad Butt (Mississauga—Streetsville, CPC): Thank you very much, Mr. Chair.

Welcome to everyone, but in particular, to my friends from Mississauga, welcome to Parliament Hill.

Thank you for being here today and sharing the great work your organizations are doing.

I have two questions, one for Peel Multicultural Council and one for Eden. That's not to ignore the great work the United Way is doing on social enterprise, and in particular the United Way of Peel Region. It's been a real champion of social enterprise. I want to make sure that's on the record.

Naveed, I want to start with you. When Peel Multicultural Council decided to create this new legal services social enterprise idea, you came to see me. I think it's a great idea. Why did you decide that was the right model for the delivery of this new program that you wanted to offer? You've been a very successful settlement services and newcomer agency for maybe two or three decades now, that I'm familiar with. What was the idea behind going the social enterprise route? Why did you think that was the best body with which to deliver this service?

• (1605)

Mr. Naveed Chaudhry: Social enterprise in itself was taught as a tool for delivering new services and also for the sustainability of PMC, so that's the whole idea of where it is coming from. But it's important to note that we chose this area because there are service gaps. We see settlement services and then there are gaps because newcomers, if they need legal services, if they need life services, or if they need immigration services for their families, are sometimes lost and don't know where to go. Sometimes they're paying high dollars for the small service they are getting.

So there's a need out there. The need plus our ability to deliver is what pushed us into going for this. As well, we have had similar successful projects by settlement agencies. There's an agency in Belleville that does translation and interpretation services as its social enterprise, and they are doing very well. They are in the black and they are reinvesting the profit they are making from this project back into their social services. Similarly, an agency in Sault Ste. Marie does immigration services. We chose it because we are in a bigger geographical area and we think we have the capacity to do three related areas.

Mr. Brad Butt: Thank you.

The community learning kitchen I always thought was such a fabulous extension of the services you're providing as a traditional food bank in Mississauga, because I think it takes us to the next level, which is making sure people are preparing food properly, that they're rationing properly, spreading out the allotment of food that many of your clients are getting from the food bank. It's their main food source.

As I understand it, there's also a component of potential employment, training people to become cooks, and obviously helping people to improve their employment prospects. Can you share a little about how that is all integrating and working within the community learning kitchen and then how you're also bringing in the private sector to play a role in that as well, and engaging them in supporting this social enterprise initiative?

Mr. Peter Costello: Thank you.

Yes, the community learning kitchen, when it comes to employment and training and things like that, we do with our social enterprise. We also bring people in from the low-income community, students and others, and we train them in basic cooking skills. Some of them will go on. Right now I have somebody who's doing basically a pre-apprenticeship before starting Stratford Chefs School, which is an amazing cooking school. She's going to be training with me over the eight-week program. She's helping me teach the hands-on classes for my clients of the food bank.

We also do things with Carassauga. We have people come in and we train them. We pay them. This is the whole thing with the social enterprise. They're coming in, they're being trained, and they're being paid at the same time so they see what the avenues are and they see what it's like to be in a working environment. With Carassauga, they serve in the Brazilian pavilion. That's what we do there. That's a really great opportunity for a lot of the people who are sons and daughters of clients, and also some of the clients, to learn about the industry.

I also have a number of people who have taken the classes and been part of it and have gotten enough confidence to get jobs in the industry. Even though they weren't specifically training to be cooks or chefs, they ended up going into the industry and finding work. It just gave them that much more confidence to do it.

The other aspect is the corporate groups. We do a lot of corporate engagement. As you know, Mississauga has a lot of large corporations, so we'll bring in a lot a groups from every walk of life. Eight to 12 people come in, they learn some basic cooking skills, and then they produce up to 300 portions of food that get distributed to the food bank. It allows them to see the operations of the food bank and what we can do to support the community through their active engagement.

So it's a bit of a two-way street, and I think that's really important to understand that; we are not there cap in hand. We're there as a partnering organization with them, and so—

• (1610)

The Chair: Thank you. I'm going to have to end it there.

Mr. Peter Costello: I'm sorry. I get excited.

The Chair: We're way over time, but I appreciate your explanation.

Now on to Mr. Cuzner for five minutes.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Thanks very much, Mr. Chair.

To the witnesses today, thank you.

I'll direct this to Ms. Gagnon, but I would appreciate input from the other witnesses as well, because I trust you see it all from your vantage point. I guess this comes from what Ms. Sims had asked for a yes-or-no answer to, but it obviously involves more than a yes-or-no answer.

There's a concern that governments could pull back public funding in areas where services are currently being delivered by the public. Your comment that there's no one answer for complex social issues was right on. This social financing certainly provides other opportunities in some situations.

Could you develop—and I know Mr. Crawford, you had trouble giving this a yes-or-no answer—the areas that you see will benefit from social investment? And are there specific areas in which you don't see social financing, in which governments will have to continue to provide services?

I'll throw the question out there.

Ms. Carole Gagnon: There are certain areas. There are people in crisis, for instance, or people who constantly need some support. A certain percentage of the population will likely always require some assistance from either a government or charitable organizations. A larger percentage of the population, however, could benefit from social finance types of investments.

To name just a few, there are people with disabilities who want to participate in a workplace, new Canadians who want to participate in a workplace, people who are coming out of jails who want to reintegrate into society. There are many areas that government ought to examine with consultation around the impact of investing in one or another area and really an understanding of which population or which issue is best left untouched for this kind of finance.

Mr. Rodger Cuzner: It has to be done on a case-by-case basis.

Ms. Carole Gagnon: I think so. That's my understanding.

Mr. Bill Crawford: I think my response to this is that basically there's a limited amount of donation dollars in Canada and there's a limited amount of investment dollars in Canada. We have to make sure that we put in place safeguards so that we're not trading one for the other: so that the donations to charities continue and there's a value to that; that investing in social enterprise projects or social finance initiatives in the future has a separate value, a separate mechanism; and both are supported.

Mr. Jagdeep Kailey (Manager, Settlement Services, Peel Multicultural Council): Thank you, Mr. Chair.

I think there is another advantage of social enterprise, in the sense that when we work with vulnerable communities there is always a need to develop social skills in them. There's a gap that community organizations sitting in the middle can fill. There are services that are always needed. However, once you provide those services you strengthen them. It's not just handing out some freebies to them. In fact, you are creating a social stance, a social asset, and experimenting with that is a great tool for all organizations, and we can look towards a greater future.

Mr. Rodger Cuzner: Teach a man to fish.

Mr. Jagdeep Kailey: Exactly.

Mr. Peter Costello: I would just comment that it's really important to understand that the scale of the solution has to meet the scale of the issue. So it's not us or them or any one individual, it's the combination. I think we need the support all the way through, with all three organizations—the social group, the government, and industry. We need to work as equal partners in all of this.

• (1615)

The Chair: Mr. Mayes.

Mr. Colin Mayes (Okanagan—Shuswap, CPC): Thank you to our guests who are here today.

One of the issues we're looking at with social finance is just as Madam Gagnon mentioned, that we have to have a change. To have a change we need to have some sort of framework or guidelines to ensure that the rules are followed, that there are outcomes, and that there are measured results. There are some impediments to broadening involvement in social finance. For instance, with regard to CRA, there are issues around profit since non-profit organizations cannot have profit.

Can you tell the committee about any specific items you see that would require policy changes by the government in order to make available better support for social finance?

Mr. Bill Crawford: I think I was talking about that in my prepared notes. The CRA, as it is now, is in part an impediment to social finance and the development of social finance in Canada. The current rules and restrictions are confusing to start with, and create a lot of fear among charitable boards as to what they can and can't do. Some of that needs to be cleaned up. There needs to be more allowance for charities to engage in business-like ventures.

Of course, rules need to be in place in terms of profit back to the charity and different things like that, but the whole related business category needs to be expanded and clarified. That in itself will open up more opportunity and give charitable boards the confidence to be able to move forward.

I know in my own experience and the initiatives that we've initiated at Eden Community Food Bank around the community learning kitchen and starting social enterprise projects, and engaging with corporate partners, our board has always been very careful as to what we can or can't do based on our charitable status.

It's been holding us back in terms of what we can do, so that really needs to get looked at.

Mr. Colin Mayes: Madam Gagnon, do you have a comment?

Ms. Carole Gagnon: I would take it slightly differently.

First, I agree with what Bill has said. I think the other aspect is that the sector itself has to build its capacity to measure outcomes, which means, therefore, that investments in organizations have to include dollars toward their ability to measure outcomes. That's a shift; it no longer would be strictly about program delivery.

Mr. Colin Mayes: Would one of the targets be, though, with putting together a social financial plan, to have outcomes that would sustain the program? I know that one of the challenges with many organizations is that you're waiting for the dollars every year and it's difficult to be assured that you're going to be able to sustain the programs you've begun. Even if they're successful, sometimes, whether it's government funding or even donations, that might be an off-year.

Can you see where social finance, where you're investing in something where there is an ROI...that using that ROI gives you a revenue flow that is going to sustain the projects that you might have going? Can you see an advantage to that?

Ms. Carole Gagnon: I certainly can, over time; and I stress over time. Many a time we think the social return will be a short-term gain, and it's not. We have to be mindful of the runway that's required for us to start to see the benefits to our society. We have to plan, therefore, accordingly.

• (1620)

Mr. Peter Costello: As well, I think social organizations need to take a better business perspective when they go into these programs. They have to do a proper business plan, for lack of a better word. If they were able to do that, then they could put measurements that were attainable, and knowing what money they have so they can be successful. Sometimes it takes running a pilot project for quite some time before you can go forward to actually doing it.

Again, in a lot of the things we try to achieve, we only see success or failure over such a great length of time, so those measurements are very difficult to put onto a piece of paper.

The Chair: Thank you.

Madame Groguhé.

[Translation]

Mrs. Sadia Groguhé (Saint-Lambert, NDP): Thank you, Mr. Chair. I also want to thank our witnesses for their attendance.

My initial question is for Ms. Gagnon.

Your organization has taken an interest in social impact bonds.

[English]

The Chair: We'll just hold on a minute while she gets her ear pierced...her earpiece in.

Ms. Jinny Jogindera Sims: Ear pierced?

Voices: Oh, oh!

The Chair: Is that what I said?

[Translation]

Mrs. Sadia Groguhé: I was saying that your organization has taken an interest in SIBs. I would like to know whether you anticipate any negative effects from SIBs being used to fund social programs or public services.

Ms. Carole Gagnon: It's hard to say because that approach is new to Canada. I can only talk about the programs we are investing in.

We are currently investing in social enterprises, and the effects are very positive. More people are participating in the workforce, and profits are growing every year. That's been our experience so far. Like you, we are starting to explore avenues with other governments, either at the provincial or federal level.

Mrs. Sadia Groguhé: Okay.

Do you have any recommendations, even though this was just launched? It's still very rudimentary, so to speak. Could you recommend any specific ways to resolve transparency or accountability issues?

Ms. Carole Gagnon: We talked a bit about the partnerships in place. We need to really bring together organizations that provide those services, the various levels of government that will make investments, as well as agencies involved in the sector, such as United Way Ottawa. We must develop the mechanism. The processes and communication must be extremely strong. We have to openly discuss risks and give ourselves a chance to remedy the situation.

Mrs. Sadia Groguhé: Very well.

Mr. Crawford, I would like to hear your opinion on tools for measuring target achievement. How do you think measurement tools could be developed? Beyond the consistency of those tools you mentioned, would it be possible to plan for the tools and how?

[English]

Mr. Bill Crawford: First off, I don't like measuring. I think as Peter has already said, it's a long-term process. You often don't see the positive benefits or impact over the short term. So first, it needs to be a long-term process, but measurement of outcomes is an important part moving forward for organizations and their funders or their supporters, so it's something that needs to get done.

At Eden Community Food Bank we're trying to develop a very simple process where we're trying to assess on a quantitative and a qualitative level if a participant in one of our programs is better off. We call it our BOI, better-off index. Hopefully at the end of this process we'll have, across our programs, a unified or a universal understanding that if we say something has a BOI rating of 96, it's an effective program, that 96% of the participants...or that the evaluation of the program overall is that they're better off. A lower

rating, a 46 or whatever, would indicate that some change needs to be done.

That goes back to my original point that there are so many outcome measurements out there, and nothing that connects or can speak to a common measurement across organizations. The United Way is having this problem with their funded agencies. We are a United Way of Peel funded agency, and I know that we are, as a United Way-funded agency, struggling to be able to measure in a way that's compatible or comparable to other United Way-funded agencies so that they, in turn, can say to their supporters and their donors, "This is the collective impact that our funded agencies are having in the community."

I'm sorry I can't give you an answer on that, other than to say that more work needs to be done on that, and it needs to happen.

•(1625)

The Chair: Thank you very much.

Our last questioner is Mr. Boughen.

Mr. Ray Boughen (Palliser, CPC): Thank you, Chair.

I have just a couple of questions for the panel, but first I have an observation. We're talking about fundraising and how we get money to run these projects. Last week, in our constituency week, I had calls every day requesting money. I had six calls on Thursday: cancer research, United Appeal, hospital, minor hockey, MS program, Red Cross. I mean, there's not enough money to go around. One gentleman spoke on that a little earlier.

I guess the question that certainly fundraisers have to ask themselves is, "Why would I get money for this project? Why would people give me money?" Because that's what we're asking people to do: buy into a project. Whether they're the food bank or whether they're the United Way, they're asking people to give money so that they can do the program. What I'm saying is that we're now at a stage of life, I think, or a stage of development as a nation, where people are asking, "Why would I give you money?"

There's another thing that sticks in people's throats, yours truly included. I cut a cheque in January for cancer, and last week there was another request for a cancer donation. That doesn't win friends and influence people. It's antagonistic is what it is. You're saying to yourself, "I donated because I thought it was the thing to do. Obviously they don't care much about recording my donations, because they're asking me for more money again."

What's your position on this, or what do you think of it? How can you change it around so that I feel good about giving? I used to feel good about giving. Now it's more of a pain.

Mr. Peter Costello: One thing I think your point speaks to is why we need social financing, quite frankly. Everybody is asked from every direction for more and more money.

We do try to create measurable results. We do try, and I know every agency tries, to communicate as much as possible the results that are being demonstrated for your donation dollar. But our issues are at such a size now that just the small donation.... Well, not the “small” donation; I don't mean to belittle donations. But the amount of donations we can get just from cold-calling, and getting our sponsors to do it, is not enough to deal with these issues. We either have to call you 100 times or we find another avenue to get enough revenue to deal with these issues.

I think that's what we're sitting here trying to discover.

● (1630)

Mr. Bill Crawford: I think what Peter and you are both talking about is donor fatigue. That is a real problem for charities. The money is not coming in, you ask more, and the money is still not coming in. That is one of the reasons we need to look at different ways to generate income for charities and non-profits in Canada.

Your other question was about what you say to donors to either encourage them to donate or to give them that good feeling after they donate. I think the answer to that is what I mentioned before: a social return on investment, an SROI. It's about being able to articulate and to tell the story of how your donation has changed the lives of people who have come to our organization for help, even getting down to telling the story of one person: “Susan and her children went home today with food for a week. She can make healthy meals for herself and for her kids. Your donation has made that possible.”

So sharing the story, or giving more examples of that social return, I think will help combat donor fatigue.

The Chair: Thank you very much.

I'll end the questioning there. We're very close to the end.

You have a few seconds left, Mr. Boughen, but I'm going to cut you off.

Mr. Ray Boughen: That's fine, Mr. Chair.

The Chair: It's not always easy to pick up and be here in Ottawa to witness as you have done today. It is my position to thank you for taking that time out of your lives.

It's always important for us as a committee, as we study subject matter, to hear from the grassroots people, the people on the ground. We've been hearing from organizations on the demand side who are looking at the future of social finance for their operations—you fit into that category—and we're hearing from people on the supply side who have said, so far, that there are not enough organizations like yours who are ready to take up the mantle, so to speak.

So we appreciate hearing from you today and hearing your comments. Thank you so much for being here.

We will take a break and then go into committee business.

[Proceedings continue in camera]

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