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Chair

Mr. Daryl Kramp

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• (1535)

[English]

The Chair (Mr. Daryl Kramp (Prince Edward—Hastings, CPC)): Colleagues, welcome to the Standing Committee on Public Safety and National Security, meeting 30.

Today we're following up on our study on social financing. We have two sessions with witnesses. The first, from 3:30 to 4:30, we're a little bit late starting, and the second one is from 4:30 to 5:30.

First of all, let me apologize to our witness for being a little bit tardy. We got caught up in votes. That is one of the inevitabilities, occasionally, of the committee structure for time.

For our first hour, let me welcome on behalf of all the committee Ms. Margaret Shaw. She is formerly the director of analysis and exchange for the International Centre for the Prevention of Crime.

Ms. Shaw, you're allowed up to 10 minutes for a presentation, whatever you're comfortable with, and then we will open the floor to questions.

You have the floor.

Dr. Margaret Shaw (Former Director of Analysis and Exchange, International Centre for the Prevention of Crime, As an Individual): Thank you very much.

Thank you very much for the invitation to come here. I hope I can be of assistance in your discussions. It's quite like coming in from outer space, not knowing too much about what you talked about before.

I want to touch on three things in my brief 10 minutes: first, to outline some of the main parameters and developments in crime prevention as it's evolving; second, to touch on issues of project implementation and evaluation; and third, to look at some of the challenges that those problems of implementation and evaluation pose for any policy development in the area of crime prevention and criminal justice that are relevant to the topic of social finance.

To give you a very brief account of my own background, I'm a sociologist and a criminologist with experience in the United Kingdom and Canada. Before coming to Canada, I worked for over 20 years in the Home Office in the research and planning unit of the crime policy planning unit. I carried out a number of studies there with regard to parental supervision, youth court sentencing, and particularly prisons, crime prevention, and prison rehabilitation. That included a random controlled trial of a prison rehabilitation program, which I'll come to later on.

In Canada I've undertaken quite a number of research projects for the federal government over the years, particularly on women's offending and women's prisons, including for the Task Force on Federally Sentenced Women, on issues of restorative justice and policing and evaluation and trafficking.

I taught criminology at the Department of Sociology and Anthropology at Concordia for 10 years, until I joined the International Centre for the Prevention of Crime in 1999. After 13 years I left the centre to have a little bit more free time, but I continued to work on issues of crime prevention in Canada and elsewhere. I am currently working as a consultant to ICPC for a specific project, which has made some constraints on me being able to give you fuller information today, or beforehand.

ICPC covers a huge range of things. I've covered many of those over the 13 years, from schools and women to hate crime and the role of local governments. I should stress that what I'm talking about here is on the basis of my experience and not on behalf of the centre. I should also make it clear that my experience in relation to crime prevention is the area that I'm talking about. I'm not an expert on social finance, although I have tried to become acquainted with some of the recent developments.

ICPC itself is a quite unique centre. It's the only international organization in the world concerned with crime prevention, founded by the governments of Canada, France, and Quebec in 1994, and wonderfully supported by the Government of Canada and its other governments. We can talk about ICPC, if you prefer, later on.

Much of ICPC's work is concerned with the crucial role of government in enabling and supporting the development of well-planned and strategic crime prevention, both policies and programs, that prevent harm and promote safe and healthy communities—and that save a great deal of money in the process.

Crime prevention, when I first became aware of it in the United Kingdom, was a task that was undertaken by beat police officers. It was primarily concerned with encouraging people to lock their doors and their car doors, and to lock up their bicycles. The standard joke in a police station for the crime prevention officer was, "So how many crimes did you prevent today?"

Since that time, crime prevention has undergone an extraordinary evolution in terms of its coverage in the space of some 30 or more years. It's become an international movement now. It is supported by two sets of United Nations guidelines, which set out the components for effective prevention and the principles on which they should be based.

Like Canada, many other countries around the world now have national crime prevention strategies and they fund projects on the ground. Institutions like the World Bank, the Inter-American Development Bank, the World Health Organization, UN-Habitat, UNDP, UN Women, UNODC—all of them now support the development of local citizen safety and security strategies, which are based on very similar principles for preventing and reducing the incidence of crime and violence.

It's now recognized, based on many years of experience and research, that crime prevention covers a wide range of approaches. It's not one particular thing you do.

● (1540)

There are four main types of approach. Social and educational approaches are a very big area that includes early intervention projects that work with families, children, schools. It can be targeted to particularly high-risk areas, or parents and families at high risk, or children at high risk, such as young people in gangs.

Secondly, there is community or locally based crime prevention, which works not so much with families and individuals as with communities and areas. They engage local communities, the residents, the businesses, and the local services, to work together to resolve local problems. Quite often it can include communities that are experiencing a lot of economic and social problems.

The third group includes a range of situational and environmental approaches, which focus on things that encourage offending and the opportunities offered by nobody being around, no street lighting, or poorly designed parks and buildings. Situational crime prevention is intent on reducing the rewards and the provocations for offenders, and making it much riskier for offenders to commit crimes.

Finally, the fourth approach to crime prevention is reintegration programs. These are programs that work with individuals, or groups with children, young people with adults, to help them reintegrate into society and into their communities when they are released from institutions or from care.

Projects and policies can be universal to everybody, or they can be targeted to particular groups who are at high risk, such as young people or elderly residents in an area.

There are now many strong evaluations of effective programs, and we know a great deal more about what seems to work. There are a lot of demonstrations of the cost-effectiveness and cost benefits of reducing the future criminal justice, social, and family costs that would be incurred if somebody became involved in a life of crime. Crime prevention practice and knowledge continues to evolve all the time, and there are a lot more things coming out.

Looking at the implementation and evaluation of crime prevention projects, there's a very active community of researchers and practitioners and experts working in this field, and it mirrors the evolution of prevention. Policy-makers want to know the best and most effective approaches, so they can use their resources wisely. There's long been an emphasis on finding what works. This has come to dominate crime prevention at various times, particularly in the United Kingdom in the 1990s. The "what works" phenomenon was very strong under Tony Blair's government.

On the basis of a number of successful pilot projects, many researchers have said that they know what works to reduce crime. The government listened to them and put a very large amount of money, something in the region of 550 million pounds, into the crime reduction program, for a series of programs to reduce residential burglary, truancy, theft around schools and school-children, and violence against women, in some other targeted programs.

The most significant lesson from that very big program was that the implementation of projects—how they were set up, who they worked with, and who ran them—were just as important as the projects themselves. In other words, it was about the kind of thing that you were doing with people. What they discovered was that the people conducting the projects funded by the Home Office didn't have the knowledge and skills necessary to collect the right data, to run the project properly, to target the right people, to undertake the evaluation. It became quite a large exercise in the implementation failure of programs, in spite of the fact that they had started with programs that worked. That lesson has been taken to heart by many crime prevention specialists and governments since then.

The second issue around the implementation of crime prevention is the issue of evaluation itself. I'm sure that you've heard quite a lot about this already. There are researchers—and there are many different schools of belief—who have established a gold standard for evaluating whether a project has actually brought about the kinds of changes that you anticipate. This recommends the use of random controlled trials or quasi-experimental trials, where you have a control group and an experimental group and you measure the progress of both as you would in a medical trial.

● (1545)

Some types of crime prevention are much easier to evaluate than others, and you can use those kinds of trials very easily. So if you want to look at the effects of improved street lighting on rates of sexual assault or burglary or theft in an area, it's relatively easy and quick to look and see whether the street lighting seems to have made a difference. But evaluating the effects of a series of interventions in a neighbourhood—a kind of community and local crime prevention approach that might make improvements to public spaces, develop a youth club, and provide support to families or single parents—is likely to be more difficult and may take a much longer time to show some clear results.

Policy-makers have understandably been very interested in funding evaluated projects that have repeatedly shown success in reducing crime, and there's a number of blueprint programs that I know you've heard about already, which have been developed in countries including Canada. They pay particular attention to the kinds of problems the British experienced, which were the attention to implementation of the project and to careful control, making sure the project was delivered exactly as it was designed to be delivered. This includes the kinds of cognitive skills programs developed and used by the Correctional Service of Canada and the current National Crime Prevention Centre projects on youth at risk.

But we've also learned over the years that the context in which a project takes place is extremely important. Sometimes it's when you go abroad and look at what it means to implement these projects in South Africa or in Brazil that you begin to understand some of these difficulties—

The Chair: Ms. Shaw, could you just wrap up in a little bit, please? Thank you.

Dr. Margaret Shaw: Yes, okay.

So you need flexibility in developing the project to adapt to the particular place you're looking at. We also know that you need to have new ideas and innovation. You cannot just do what you know has worked, because that's actually looking backwards all the time and not looking forwards in terms of what the needs might be for the future. So the challenges and the opportunities in relation to social finance, it seems to me, are very pertinent issues—the implementation and evaluation of projects—and there's a big tension between wanting to do something you know has worked and something that is new and innovative. This seems to me to be quite a problem for the area of social finance that focuses a lot on innovation.

What you need to make sure is that, if you do have innovative projects as well as tested and tried ones, you evaluate them well and you go beyond just a pilot. There is a lot of experience from the project in which I was involved in Britain at the end of the 1960s, beginning of the 1970s, which produced very successful findings, very similar to the Peterborough project in the U.K. But when an attempt was made to replicate it in other prisons, they did not get the same results. So there is always this problem that pilot projects tend to be more successful than projects that are scaled up, and I think that is an issue in this area.

So I think that in a sense, for the development of social finance, it's an area that has many histories in crime prevention. Public-private partnerships, corporate social responsibility, social responsibility are also aspects of work in which crime prevention has been very interested, and the National Crime Prevention Centre believed in the business of the private sector being involved in crime prevention right from the beginning. That is part of the international guidelines on crime prevention, that everybody in a community—private sector, business sector, civil society, NGOs, residents—all have a part to play, as well as institutions and services.

• (1550)

The Chair: That is fine. Ms. Shaw, thank you very much for giving us a little touch of not only your history but certainly your knowledge on the topic.

We will now go to our rounds of questioning.

We will start off with Mr. Richards for seven minutes, please.

Mr. Blake Richards (Wild Rose, CPC): Thank you, Ms. Shaw, for being here with us today.

I understand that you were commissioned by our government's National Crime Prevention Centre to do a study on international practices, and in that you briefly touched on a number of examples of some programming from around the world. That's obviously important. Information-sharing is something that's very important, and certainly we want to thank you for your work on that, without question.

Now you also mentioned, of course, that you do have connections with a group that's currently providing some of the crime prevention programming that is in existence. I think I heard you say that. Did I understand that correctly?

Dr. Margaret Shaw: I'm not actively working in any project at the moment. I'm acting on a contract basis with the international centre in Montreal on a particular project, but it's the development of a report.

Mr. Blake Richards: Okay.

Given that connection, would you think you personally have any kind of a vested interest in the status quo in terms of the way that grants and contributions currently exist?

Dr. Margaret Shaw: You're talking about the status quo in Canada?

Mr. Blake Richards: That's correct.

Dr. Margaret Shaw: I'm not sure whether I have a vested interest. I'm an independent researcher, if you like.

Mr. Blake Richards: Okay.

Dr. Margaret Shaw: I've always been interested in crime and in crime prevention and in how we can produce better policies.

Mr. Blake Richards: Okay.

Dr. Margaret Shaw: I find the current programs that are being evaluated extremely interesting, and it would be very good to see, when they all come to fruition, what the results have been in many of those studies.

Mr. Blake Richards: Okay.

I think you mentioned that you were involved with a project in Great Britain back a number of years ago. Have you, in fact, studied any of these various models in great depth? I know you mentioned some of the work you've been involved with, but have you studied the idea of social finance as compared to the others in any kind of depth?

Dr. Margaret Shaw: No. As I said at the beginning, this is an area that is relatively new to me, and I haven't had much time to look at it. I have looked at what I could find on the Peterborough example, and there's a youth justice reinvestment pathfinders project and a few others.

The problem is, certainly in the case of those in the U.K. and I think also in the States, that none of them have yet come to fruition. One of the issues with the Peterborough project is that at the end of April this year, the government changed the funding mechanism and said it won't fund the third year of that project, which is quite interesting. They've had two years of the social.... Two cohorts of people have come out of Peterborough Prison and done well, but for the third thousand men, the funding will not be the same as it was. It won't be a social impact bond procedure.

• (1555)

Mr. Blake Richards: Okay.

I think from what you've said now and certainly from what I heard in your presentation, you seem to be of the view that when we're looking at funding models and types of approaches, it's always important to see something through and determine that it is in fact working as you go forward. That seems to be a pretty fair condition of what you're looking at.

Dr. Margaret Shaw: Yes. I think there are a lot of projects that work extremely well. There's always the challenge of repeating that and scaling up a project.

Mr. Blake Richards: Okay.

Certainly, from what I've heard through the course of this study and otherwise, I'm personally of the view that there are a number of reasons why we could and should move towards social finance types of models. I'll quickly focus on five of them, and I'd like to ask for your thoughts.

First, I think it can unleash new and additional capital in the social service area. Second, I think that capital has the ability to be recycled over and over as opposed to the current grant and contribution process that puts the money out the door once but doesn't create a sustainable funding model for organizations. Third, it can allow innovation to flourish. Many witnesses have come before us and told us that through these models there's more flexibility once the program has begun, because it's focused more on impact than on outcomes and not so much on just the process or just how many participants were involved. Fourth, there's the idea of cross-sector collaboration, which I think happens to some extent currently, but, we've been told, that could certainly expand under this model. Last but certainly not least, there's a strong focus on measuring the impact and the outcomes in a more concrete way, and I think that is in line with what you've indicated it's important that we do. We've certainly heard from some of the officials we've had here that much of the evaluation currently being done is being done by surveying participants on their views on the program rather than through concrete metrics. In my view, that's something that needs to be improved.

I think, certainly, the last couple of factors I mentioned were things you seemed to indicate were important, and you mentioned those factors in your report.

Would you agree with these five benefits? Would you see them as being beneficial and could you see the idea of social finance models based on those benefits being helpful towards achieving those kinds of benefits?

Dr. Margaret Shaw: I think this is what makes it a very interesting area, that there are all of these issues. From years of experience in doing research as well as evaluating it, I think it's always difficult to get funding. If there is another source of funding, it's very useful. If you can engage corporations, foundations, and other people who have the money to take part in this social experiment, if you like, I think this is an extremely valuable thing to do. Also, it has been an element of the development of crime prevention anyway.

In terms of flexibility, I think it's very interesting that many of the strong "what works" programs had very rigid structures. The cognitive skills program, for example, is a very formalized program.

In a way, maybe we're moving back to saying that you can try what you like as long as you reduce the rates of problems—

The Chair: Mr. Richards, your time is up.

Dr. Margaret Shaw: —but I think you still must have a very clear and logical explanation, a theory, behind what you're doing. It can't just be a hunch. It can't just be something nice to do with people. It has to be something that is based on an understanding of the evidence of what's gone on before. I personally think there is room for flexibility, but it doesn't mean that it's open to anything.

I had a colleague years ago in the Home Office who said that there are never any new programs; they're just reformulated. Certainly, the Peterborough program is very similar to the one in the early 1970s that I was involved in. We know that people need things coming out of prison: housing, jobs, and supports. These are very clear, practical things that are needed. In that sense, the kinds of programs in crime prevention that you're involved in are quite similar, but you may need new energy, new money, new enthusiasm, and a different branding. These are some of the things that will lift a project up and provide more results.

● (1600)

The Chair: Thank you very much, Ms. Shaw.

Mr. Garrison, please.

Mr. Randall Garrison (Esquimalt—Juan de Fuca, NDP): Thanks very much, Mr. Chair.

Thank you, Dr. Shaw, for being with us today. As I mentioned to you earlier, I've had the privilege of hearing you speak at an international conference. In contrast to maybe some of the earlier remarks of Mr. Richards, I think what we're looking for, and which you've done a good job of today, is that depth of experience in evaluating new programs in crime prevention. I think you've had some very interesting things to say here.

I want to go back to a couple of those things. You talked about the four approaches generally that we could work on in crime prevention. My understanding of what you're saying is that these aren't in any kind of hierarchy and that all of these are things that work. What I would ask you is, do you think we've had too much emphasis or too little emphasis on any of these in recent times in crime prevention? In other words, has there been a good balance between them, or do you see a lack of balance in the approaches being used?

Dr. Margaret Shaw: That's a really interesting question, because I think that sometimes more attention gets given to some than others. Certainly in the U.K.—and I'm sorry if I go back, but that's where I come from—the British put a huge amount of money into closed-circuit television. It's the most observed society that we have. I think that now they feel it wasn't necessarily such a good investment in lots of ways, but what that covered up was the fact that they were also putting a lot of money into the development of social programs in early intervention and into community-based programs.

In Canada, I think that certainly the kinds of crime prevention models around what cities can do have that balance. You're right. There is no hierarchy between these, but if you want to deal with the problems you have in Abbotsford, in Victoria, or wherever else you are, you need to have done an analysis of what the issues are and what new things are coming up, and then you have to look at the ways in which you can respond to those.

You can choose from this range of approaches, so you might want to have some situational stuff. You might want to have some cameras, but you might also want to do work on early intervention work with young single mothers or on some of these other approaches.

Mr. Randall Garrison: Thank you.

What I think I heard from you is something that we've heard from others, and it is of course something that we've also said, which is that social finance is interesting but very new. In some ways, it's too new to have solid research on its effectiveness.

From what we've seen, is there one of these four approaches or any of these four approaches where it might be more or less appropriate to be exploring social finance? In other words, is it inherently connected to or distanced from one of these four?

Dr. Margaret Shaw: I think the big issue for social finance has to do with what effects you can show, so I would agree that it is very important to be showing that you have a drop in crime or in recruitment. I also think it's useful to ask people what they think about things too. I've always believed in doing both, but....

I'm sorry, I've diverted myself slightly.

Mr. Randall Garrison: I was asking if, along with the four approaches, social finance was equally applicable.

Dr. Margaret Shaw: The issue is how you measure an impact. It's much more difficult to show a big drop in crime if you're improving the safety and security of women in an area of a city. You don't expect to see a drop in crime as a result of that, but you may have an improvement in how safe people feel, so that's one issue.

The other problem is that if you're working with a small study, with a small number of children, you're not going to be able to show very well statistically that you have a major impact if you don't have a large pool of kids. So you have to be working on a project where you have sufficient numbers of people. I think the Peterborough project is working with groups of 1,000 men, which is a pretty reasonable number so you can be sure statistically that you are seeing an effect in terms of a drop in reconvictions.

This is one of the issues. I think many of the models that have been developed deal with youth at risk, youth already involved with the justice system. I think these are very valuable projects to work with, and I think some of the prison reintegration programs are as well. I think it would be more difficult to.... Well, perhaps you could produce some social finance for situational prevention, but I don't see that there's such a gain for the social finance approach in quite the same way.

•(1605)

Mr. Randall Garrison: Okay.

When you were talking about some of the issues, you talked about implementation failure and you talked about trying to replicate already successful programs, so I guess this is an experience you've seen not just in the case of social finance but with all kinds of crime prevention.

Could you talk a little bit more about how and why that happens?

Dr. Margaret Shaw: I think there is a big problem. When you start a new program, everybody is very invested in it. They're excited about it. Maybe the participants are involved in it as well. They may feel they are part of a new venture, and this causes an effect that lifts the program. It used to be referred to as the Hawthorne effect after a factory experiment years ago, but it is a problem with pilot studies. You can do a pilot study and you may well get good results—a big drop in reconviction, improvements in jobs, people going back to school, people in work—so you've made changes beyond just the drop in crime. You have social changes. You have women going back to work and dealing with problems in the family, and the children now not having difficulty in school.

All of those are very valuable, but if you try to scale up a project, you may lose some of that excitement, and it becomes more routine, so this is a big problem, I think, for many projects.

What's happening in Britain now is that the model of the Peterborough, following people through prison and then afterwards, with five organizations working with them.... They're stopping the third year, in a sense, and financing it differently, because the government has a new plan for rehabilitation. Transforming reintegration it's called, so now everybody is going to get a year's support and follow-up, and they're sort of doing what the experiment was doing in a way.

Whether they will get the same results will be interesting to see, but they may not be as good. There is one academic called Aos, who has done a lot of work on cost-benefits and cost effectiveness in crime prevention, and he says you have to discount 25% of the effect of a pilot program, which is quite a lot.

The Chair: Thank you very much, Dr. Shaw.

We will now go to Mr. Payne please.

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Mr. Chair, and thank you, Dr. Shaw, for coming. You made some interesting comments. With this innovation that we talked about—and we've heard from many witnesses—I find it actually quite exciting that people are looking forward. You made those comments not necessarily looking backwards all the time but looking forward in terms of opportunities and what we can do as governments or a society to help prevent crime, or reduce crime. That's a really positive thing that you talked about.

I think you also said something about the ICPC, that it was part of their process to also have public involvement in this. I think what we're seeing is that there are more opportunities for private investors. Why do you think private investors would want to participate in these kinds of programs? Depending on how you answer that, do you see the government being involved in that process and how would the government protect the taxpayers throughout this whole process?

Dr. Margaret Shaw: That's quite a big question. There is a report—and I can leave this with you—that was produced by the World Bank and ICPC in 2011, which is on public-private partnerships and community safety. It is in French, English, and Spanish. It deals with the issue of public-private partnerships.

I mean there's a kind of continuum. You may well have heard this, and I apologize if I'm repeating what others have told you, but you can be a private sector investor in crime prevention by giving baseball caps to the kids involved in the project, and advertising their football match. Or you can go in person and play football with them. Or you can give money to the project itself in quite a large way. Or you can say to the project, "What would you really dream of doing if you had enough money?"

So there's a whole range of ways, at that level, private sector partners can be involved in crime prevention, and I think have done for many years. I mean many of the banks do this kind of work here in Canada. There's the Regent Park housing in Toronto, which I think is a very good example of social finance. There's a lot of that kind of investment.

There are two things. One is that they're mostly doing it because it makes them feel better, and it feels that they're giving something to their community. So Canadian Tire, and Tim Hortons, and all of these organizations, Bata Shoes, have done this for many years because they feel it's part of their corporate social responsibility.

So I think there's the altruistic aspect of it, and I think it is tremendously important to encourage people with money to spare to invest in that kind of way. Then at the far end you have the social impact bond, as I understand it, where you're actually getting a return, and the pay-for-results models where you're getting a return on your money. In that case I think they would do it if they're interested in the social problems. Many of the models seem to be of the Vancity model in B.C., and certainly some of the projects in Britain are funded by foundations. They're not so much venture capitalists. They're mostly people who have a sense of social commitment in some sense.

For me social finance is in very large part about that aspect. The extent to which you can see it as something you do in order to make money, I'm not sure to what extent that is the major issue for many people who do it right now.

In terms of protecting taxpayers from misspent money, I think that's one of the issues. You can fund something, but if they're beating the kids to make sure that they don't run away, then this is not protecting the rights and the human rights of those kids. So the government has a responsibility to make sure of what's happening, in the sense that they know and have some sense of the integrity of programs. That goes back to the notion of doing something that you know has, theoretically, a good chance of having some impact.

●(1610)

Mr. LaVar Payne: So the government would have to have some sort of guidelines and then a mechanism to follow up to make sure those things are happening. You did point out an interesting thing in Tim Hortons, one of my favourite places to go for coffee. They have a camp every year, and to me that's a really big method whereby they can help kids and make sure they stay on the right path. It's an

opportunity to learn and make friends. I think that's really quite outstanding from that standpoint.

You talked a little about implementation and delivery. What would you see as steps needed to be taken to make sure you could have a successful...and let's use social financing for an impact bond or something of that nature? Is there some area you think the Government of Canada should look at as a potential pilot project?

Dr. Margaret Shaw: Certainly most of the discussion has been around having firm contracts among all the partners involved. You need to have some ground rules. There needs to be some kind of assessment of the likelihood of getting good results. You need to detail what the outcomes are going to be, and that needs to be not just a reduction in crime in my view, but getting into school, getting into work, getting other things, social and economic benefits beyond that. Those are measurable in addition to the views that people have about whether they liked the project or not, which are important, and how they feel about it.

●(1615)

The Chair: Thank you very much, Mr. Payne. Your time is up.

Now we'll go to Mr. Easter, please.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Mr. Chair, and thank you, Dr. Shaw.

In the beginning, I was wondering where the vested interest question was going. But listening to your introduction and your response to questions, I can hear it in your voice and see it in your depth of experience, the vested interest in a lifetime in crime prevention. That experience shows through.

This may be something that we need to ask our analyst to do, Mr. Chair. It's the first time I've heard that the third year of the Peterborough model isn't going to be funded.

Dr. Margaret Shaw: It's going to have different financing.

Hon. Wayne Easter: I think one of our concerns in some cases is that public funds leverage other moneys for whatever. I think the Peterborough example has been held up in a number of ways, and if the analyst could find out the latest on where the Peterborough model is at because if the third year of funding is to be dropped by the government then it does have an impact, and it could affect other similar models going forward.

One of my concerns...and we need to look at all models in a positive light, all alternatives, whether it's social finance, national crime prevention strategy, whatever it might be, and anything they could do. LaVar's question, and one of your responses is that there are quite a number of foundations—Tim Hortons is an example—and organizations with money that do good work for the social cause of preventing crime, or assisting lower-income groups, whatever. The social bond in my view is an entirely different approach.

It's an approach whereby people with money can be assured of a return if there are results, and it does turn the thing on its head. I'm not against it, but I want to know if there's any way we can find out what the implications are. Will it reduce funding in other areas for social causes? Is there a risk there? Your model is entirely different. The government is saying you'll get a 10% return if it's this result, or a higher return if it's a better result; you get no return if.... It's a completely different concept from what we're used to. What are your thoughts?

Dr. Margaret Shaw: I agree. I think it is a different context, and some of the discussion I've seen about it in the U.K. is that you're asking people to make money out of people's lives. There's a suggestion that it's not actually a very good thing to do to make money out of their sort of distress. This is the way people react to this kind of approach. I think there really isn't enough information to know to what extent it's going to be sustainable. I think that's one of the problems for me.

Hon. Wayne Easter: One of the arguments, though, by those strongly in favour of it is that it creates more sustainability. There's a profit there, money rolling in as a result, so it will continue to be financed and may lessen the amount of funding that the governments have to do. That's one of the arguments we're hearing coming forward. One of the concerns I have is that, look, you know there's always pressure on financial areas, and there are always more areas to put money than governments have money. I worry that it will provoke some withdrawal from governments in terms of funding of national programs, and as a result we could get, in this country, a patchwork quilt of programs across the country, where if you live in a rural area you're not near a bigger city where there are a lot of investors.

Is there a risk there that you could get different programming?

• (1620)

Dr. Margaret Shaw: I think there is certainly evidence on the basis of public-private partnerships, not the social bond. In terms of the kinds of projects that people like to invest in, there's been quite a bit of work done on the use of these kinds of approaches in Latin America and the Caribbean. Certainly in Brazil, what you would find is that many private investors like to put money into young kids who haven't got into trouble, into communities, and into the police. They don't want to touch kids coming out of institutions, and they don't want to touch adult prisoners. So it's a bit like the cuddly animal that sells the cellphone. There are certain things that people are more likely to want to invest in than others.

The examples that I can see that are being funded in Massachusetts and in the States and in the U.K. are quite traditional projects. They're doing the kinds of things people have done forever: supporting kids, giving them resources, supporting people coming out of prison.

Hon. Wayne Easter: I don't think there's any question that we'll be going the social bond route, certainly for some areas in terms of crime prevention. I don't even know how to phrase my question, but what do you need to do in terms of government policy—based on your experience—to ensure that there's relatively fair programming across the country?

The Chair: Just be brief, please.

Dr. Margaret Shaw: That's quite a question. I think there's absolutely room for trying out this approach in one or two areas, but I don't think you can see it as something that means the government doesn't have to think about and develop and fund programs, because it will only be certain areas. Most of the programs tend to be local, so you're going to need other programs developed in other areas.

The Chair: Thank you very much.

[Translation]

Ms. Doré Lefebvre, go ahead.

Ms. Rosane Doré Lefebvre (Alfred-Pellan, NDP): Thank you, Mr. Chair.

[English]

Thank you very much, Dr. Shaw, for being with us today.

[Translation]

Your comments have been extremely informative.

Ms. Shaw, I read in your bio that you've studied imprisonment and women's safety. In your presentation, you said it was hard to quantify women's safety. You talked about how they could be made to feel safer through better street lighting, the use of video surveillance and things of that nature.

Could you kindly elaborate on that? Is there anything else you've observed during your career?

Dr. Margaret Shaw: May I answer in English?

Ms. Rosane Doré Lefebvre: Of course. Feel free.

Dr. Margaret Shaw: Thank you.

[English]

There's an enormous amount of work on the safety of women, and there are two broad areas. One is violence against women in the family and personal violence, and the other is women's safety in cities. There are now an extraordinary number of very interesting programs being carried out internationally in Delhi, in Cairo sadly, in many cities, such as Rosario in Argentina, and in a lot of other places. Much of this work began in Canada and is looking at women's sense of safety in the city and things that you can do to improve the environment for women, and to make city parks and other places safer for them.

This is another movement within crime prevention. It's an aspect of the prevention of violence against women that has expanded very rapidly over the last 10 or 15 years.

In terms of violence against women in the family, partner violence is a very stubborn problem. I think in terms of social finance, it would be a very interesting area to put money into. My suspicion is that it would be extremely difficult to make money, in other words to have a social impact bond in relation to reducing family violence and violence by partners, because it is very stubborn. It's the main cause of death of women in many countries now. The main cause of homicide is personal violence.

• (1625)

[Translation]

Ms. Rosane Doré Lefebvre: Yes, we've observed that.

The RCMP released a report on violence against women; it focused on the murders and disappearances of aboriginal women in Canada. The report said that most of the murders could be traced back to domestic violence. That is an extremely sad fact.

I must say that I'm interested in seeing how social finance could play a role as far as violence against women is concerned. It would appear to be rather difficult to do that through social impact bonds, though. I'm not sure that aspect of security would necessarily appeal to investors.

[English]

Dr. Margaret Shaw: I wouldn't say that it wouldn't interest investors. I think it could interest them a great deal. I just think it would be extremely difficult to make big inroads into reducing it, because it is extremely difficult, and much of the work that needs to be done is in terms of being aware of people in difficulties, giving support to people, trying to improve general advertisements, and trying to change attitudes of young men. Maybe that's the best area. There's a lot of work now on the attitudes of young boys and men, and the involvement of sporting personalities in changing attitudes towards young women.

The World Health Organization has done a study looking at the most successful crime prevention programs that have been replicated and work everywhere. One study shows that programs that teach young kids in school, school-aged kids, about good relations between the genders is the most effective at reducing violence against women. In other words, it has to do with preventing teen violence. That is a very successful project. There have been some projects in Canada and other countries, and it's about the only one that seems to reduce future violence.

The Chair: Thank you very much. Time is up.

Mr. Maguire, you have two and half minutes, sir.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you.

You were talking about making the dollars out of people. To me making people's lives better isn't about the issue of the dollars. The byproduct of some of the financial success would perhaps be the real benefit coming from improving the lives of these people. Can you just elaborate on whether you think that's a fair statement or not?

Dr. Margaret Shaw: I think it's extremely helpful if a project is able to improve people's lives, and I think the difficulty is how you value that in sort of monetary terms so you can show that you've reduced certain things.

The other measures are more difficult to weight and to evaluate. I think you can certainly look at some of the things I've talked about before as to whether people are working, whether they have better health, whether they feel better in themselves. These are all important measures of improvement.

Mr. Larry Maguire: Yes, it's giving them more confidence to go into the workforce again, and that sort of thing as well. Thank you.

You mentioned the private-public partnerships. It looks like people are willing—and you gave some good examples—to be participants in this whole type of exercise.

If you were to go right into this type of an investment and start it up, whether it's a impact bond or not—

• (1630)

The Chair: Wrap up, please, Mr. Maguire.

Mr. Larry Maguire: —how would you go about it, without doing a long-term study of it?

Dr. Margaret Shaw: I suppose I would find some foundations that were genuinely interested in working in this area and collect together a group of people of that kind. There are quite a lot of foundations. Certainly in Britain, it's the foundations that are heavily invested in these projects.

The Chair: Fine. Thank you very much, Mr. Maguire.

Dr. Shaw, thank you so much for the time and effort and the travel to come here today. In one way we apologize for the brevity and not being able to pick at that mind of yours, with all those years of experience. However, that is the challenge of committee and the number of witnesses we like to draw on.

Once again, thank you, on behalf of the entire committee, for your time here today. We certainly appreciate the wisdom you have shared with us.

Dr. Margaret Shaw: Thank you very much.

The Chair: We'll suspend briefly.

• _____ (Pause) _____
•

The Chair: Okay, colleagues, we will resume our study on social financing.

For the second hour of testimony, we have two witnesses with us.

We have, from the HomeFront Society for the Prevention of Domestic Violence, Mr. Kevin McNichol, the executive director; and by way of video conference, from Edmonton, Alberta, from the Edmonton Police Service, we have Jacqueline Biollo, strategic coordinator for the office of strategy management.

Do we have you loud and clear, Madam?

Ms. Jacqueline Biollo (Strategic Coordinator, Office of Strategy Management, Edmonton Police Service): Yes, sir.

Good afternoon.

The Chair: Tremendous.

Welcome. We will give each of you an opportunity for a presentation for up to 10 minutes, should you wish, and then after that we will open the floor to questions.

We will start in the order of the agenda here.

Mr. McNichol, you have the floor for up to 10 minutes, and then we'll go to Ms. Biollo.

Go ahead, sir.

Mr. Kevin McNichol (Executive Director, HomeFront Society for the Prevention of Domestic Violence): Thank you, Mr. Chairman.

I appreciate the opportunity to be here and to present in person. It's been an interesting experience so far.

My name is Kevin McNichol. I'm the executive director of HomeFront. HomeFront is Calgary's coordinated community justice response to domestic violence. We bring together law enforcement, prosecution, defence, child and family services, shelter, treatment, probation, and victim services. We create a seamless response to break the cycle of domestic violence.

HomeFront began in May of 2000 as a national demonstration project supported by a federal grant from the National Crime Prevention Centre. Over the last 14 years, independent evaluations have shown two-thirds and one-half reductions in criminal reoffence rates for domestic violence. Additional evaluations of our prevention programming have found a 75% reduction in calls for police services, a 70% reduction in child and family service investigations, and a social return on investment of approximately \$6.31 for every dollar invested, or about \$16 million in value added back to the Government of Alberta, during the course of our pilot projects.

For the past several years, HomeFront has recognized a significant shift in the social discourse about the size of government, its role in providing services, and the ability to continue using tax dollars alone to support increasing demands. This shift has freed up space to explore new conversations about alternate ways to finance our social safety net.

HomeFront has been exploring those ways over the last number of years. We believe new social financing models must be explored, tested, and then permanently introduced to ensure an ongoing, large-scale, high-impact, and most importantly, more robust and sustainable social safety net. We believe there are a number of financial models. One such model might be social impact bonds, which we're talking about today. They hold a great deal of promise.

HomeFront believes itself to be a leading social serving agency able to participate in any pilot program for such an initiative. HomeFront represents a strong cross-sector collaborative model, has strong evaluation systems already in place, and has the ability to tangibly quantify and measure its social impact across a range of justice and social serving systems. Plus we have a history built upon innovation, and exist within a strongly networked, socially innovative community in Calgary and Alberta. All of these are elements that are critical to the success of these types of initiatives. I think we heard that from Dr. Shaw earlier today.

I want to share a few thoughts with you around what we've been pondering at HomeFront in our discussions around social innovation bonds. I have to say that I'm not an expert on that as a financial vehicle, but these are some of our thoughts in terms of how we would position ourselves and be able to make use of them as an agency.

Thought number one is that if we are going to embark on this journey, we need to change the conversation from one of cost savings to one of value added. In reality what happens is not a cost saving but a reallocation of existing resources to address previously unaddressed issues and areas, and/or to better address those already identified issues. For example, our prevention programs pair a police officer and a social worker who respond to non-charge domestic violence calls in the city of Calgary. What we found through our social return on investment analysis was that we saved about \$100,000 per year in officers' time per district we worked in.

I can tell you, having worked in those districts, that there isn't an officer sitting in there for a year twiddling their thumbs. What they were able to do was reinvest that time to do better investigations with the cases they already had, provide better intervention, and/or reassign themselves to do other police work that was either under-supported or was unserved at the time prior to our coming in there to support them. So it's value added, not a cost savings.

The second thought is that we need to take a risk and try. In Alberta and Calgary proper, at least, I believe we are ready to take the chance and explore using alternate funding models to support our safety net. An example of this is the success of the unfortunately discontinued safe communities initiative that the Government of Alberta initiated across the province. It invested a great deal of resources and tilled the ground to already have in place a social return on investment evaluation methodology, which many of us as agencies have taken to heart and are using on a regular and routine basis.

It further challenged us to work in a cross-sector, multidisciplinary way. It challenged government ministries to also work in new and coordinated fashions—to stop considering problems from their specific ministry perspective and to start recognizing that when an individual comes before one of our services, often they will touch every one of the ministries that has that outward-facing client service focus. It's the same for agencies on the ground, and that's where the safe communities innovation initiative really challenged and brought us together to create that happening.

• (1635)

But we have to try.

We also need to accept that this type of funding will not be a panacea and relieve government of its obligation to support the social safety net. Instead, it might allow government to redirect its limited resources to more under-supported areas of the safety net, or enhance current initiatives that are already in place.

I think this is the critical piece to sustainability. Business knows this, that you want diversity of revenues in order to maintain a business model, and I think this gives an opportunity for us, as a society, to diversify the sources of revenue we have available to us.

Further, we must accept that not all areas will benefit from this type of funding. Social issues that might benefit will have clear and high public costs associated with intervention, interventions with proven or significant potential to produce net social value, the ability to collect and analyze data that demonstrates social impact, and are nested in strong, robust, collaborative relationships that span multiple sector stakeholders.

Care will also be needed to ensure that success doesn't breed success at the cost of other critical areas. I've heard some questions today around this, and I think it's good thinking. The example would be breast cancer, which has an overwhelming public awareness and fundraising effort that overwhelms and dwarfs many of the other common and lethal cancers that are out there and receive little public funding or awareness, but they are just as critical. I think this is a critical place where government needs to turn its attention, and I think it is the role of government to oversee to make sure that the cuddly bears don't get all of the resources. But I think that's always been the role that government has played in our society, to ensure equitable distribution of resources to support the social safety net.

For these initiatives to achieve their potential, they must fund the spectrum of services required to make meaningful change for the clients involved. Their strength will be found in the collaborative cross-service teams supported by this type of model. The data at HomeFront is clear. A client will be only as successful as the community that surrounds them. One service dosage from one service provider is rarely enough to address most multi-need, complex clients we deal with every day. Our research shows a clear cumulative effect of what we're doing.

To sum up, we know that coordinated, integrated, multidisciplinary service programs, embedded in a supportive community, create large-scale social change. What we need is the support, oversight, and authority of government endorsing the use of these models, encouraging the development of financial agents who provide the oversight and finance vehicles, and a desire by government to fiscally backstop and underwrite these efforts.

Thank you.

• (1640)

The Chair: Mr. McNichol, thank you very much.

Now we will welcome, for a brief presentation as well, Ms. Biollo.

Are you alive and well, here with us?

Ms. Jacqueline Biollo: Yes. Good afternoon.

Can you hear me okay?

The Chair: Carry on, then, please. You have the floor.

Ms. Jacqueline Biollo: Thank you. *Bon après-midi*, Mr. Chairman and honourable members.

Thank you for the invitation to appear before the House of Commons' Committee on Public Safety and National Security regarding its study of social finance as it relates to crime prevention in Canada. The Edmonton Police Service appreciates the opportunity.

As stated, my name is Jacqueline Biollo, strategic coordinator, investment governance section, office of strategy management division, Edmonton Police Service.

The Edmonton Police Service has a history of supporting and/or partnering with community agencies to develop innovative programs and services that address the systemic barriers of vulnerable and victimized individuals, as well as those at risk of being involved, or those involved, in criminal activity. Systemic barriers include mental

health issues, drug and alcohol addictions, homelessness, and/or a lack of employment skills, education, or training.

Through application processes, community agencies alongside the Edmonton Police Service receive various amounts of grant dollars to research, develop, implement, and evaluate crime prevention strategies. Specifically, some of these grant dollars were issued under a three-year contractual relationship with the Government of Alberta, Justice and Solicitor General, safe communities innovation fund, SCIF. The premise of SCIF-funded initiatives was to identify the social return on investment of each innovative project while developing innovative responses to issues such as sexual exploitation, electronic monitoring, or transitional housing.

The Edmonton Police Service partnered with more than a dozen community-led initiatives over the lifespan of the SCIF funding cycle. Complementary to the identification of education and awareness, prevention, intervention, and suppression initiatives, SCIF-funded projects were tasked with developing sustainability models in the anticipation that provincial grant dollars would not always be available to assist in sustaining the operational costs of delivering proactive or reactive, and much-needed, programs and services in the community.

The Edmonton Police Service and community agencies acknowledge that in order to sustain a strong presence of leadership and achieve stated goals, alternate means of financing—or revenue generation above and beyond government funding—needed to be found. The House of Commons committee studying the economics of policing recognized that crime prevention and early intervention have social and economic benefits, and recommended that the Government of Canada continue to make investments in these areas.

The Edmonton Police Service is currently only at an exploration stage to determine if social impact bonds can be a means to secure long-term funding to address the numerous systemic barriers that present in our community, which have a direct effect on EPS calls for service. The economic motivation for social impact bonds occurs via the savings created by innovative, preventative interventions that help reduce the need for government expenditures. For example, success may be measured broadly as a reduction in recidivism rates as a result of permanent housing

A social impact bond, or SIB, is a pay-for-success contract where a commissioning body—typically the government—commits to pay for the achievement of a particular desired social outcome. There are four players in a SIB: the government, the service providers, private investors, and an intermediary organization that connects all the players together. To date there are no live social impact bonds in Canada.

There appear to be opportunities for social impact bonds to support programs that EPS is involved with, specifically around supporting vulnerable and victimized persons, heavy users of services, and hard-to-house high-risk offenders.

● (1645)

As part of community agency-driven working groups, the Edmonton Police Service witnessed presentations and received information from Canada's first built-for-purpose social impact bond intermediary, Finance for Good. Design and implementation include identifying program logistics, program evaluation methodology, impact measurement techniques, fundraising strategies, and other technical program needs.

Many of the economic savings generated from social impact bonds are byproducts of the focus on prevention and rehabilitation, instead of reactive actions driven by the treatment of symptomatic issues such as prison use, emergency medical care services, and traditional education models and practices

To inform future discussions for the design of a social impact bond-ready program to share with government and investors, including proven interventions, a strongly linked economic case specific to which government entities accrue savings, budgeted scale-up costs, and a risk profile that satisfies investors, the Edmonton Police Service received an estimated cost of work from Finance for Good of \$24,000 plus a 10% administration fee plus GST, or approximately 1% of the bond under consideration.

The Alberta government's budget 2014 introduced Bill 1 to support innovation and provide the government with the financial resources to take full advantage of new funding opportunities for social and cultural progress in the future. A \$1-billion social innovation endowment will champion the creation of new ideas needed to address issues such as reducing poverty, transitional housing, and family violence.

If the Alberta government commitment—or similar—for proposed programs is secured, remaining costs required for fundraising, establishing social impact bond governance and legal structures, implementation, and continuous measurement and reporting on results would be borne by the investors. Costs are negotiated based on modifications to the scope of service provided.

The fact that the EPS has a focus on strategic management and investment governance may signal that the EPS has an interest in social finance and is well placed to speak to downstream impacts of social finance, social impact bonds, and crime prevention through social innovation in Canada. It is important for the EPS to continue to lead discussions with community stakeholders, the City of Edmonton, Finance for Good, legal advisers, and the Government of Alberta in exploring the concept of social impact bonds and the process of advancing crime prevention through alternative and innovative funding sources.

The Edmonton Police Service is currently exploring all aspects of a standard social impact bond legal structure, including risk and liability, governance structure, investor interests, and the rights and obligations of all parties.

It is also important that the Edmonton Police Service take the time to make strategic decisions and implement strategic actions to

position us for the future. This includes meeting with elected officials, senior bureaucrats, community partners, and key stakeholders to foster relationships and discuss issues of importance to the community and how legislative or financial support can assist or benefit law enforcement initiatives, such as education, awareness, prevention, intervention, and suppression.

● (1650)

Through discussions, the Edmonton Police Service will explore the concept of social impact bonds and the process of advancing crime prevention in Canada and acknowledge the growing costs of controlling and responding to vulnerable and victimized individuals. This response is of concern to all Canadians, and especially the government. We will address crime risk factors through strategic methods, such as education, awareness, intervention, prevention, and suppression. We will share evidence-based examples of successful pilot projects the Edmonton Police Service has been involved with, such as, for example, the SCIF-funded initiatives. We will acknowledge that sustainability is a challenge, support collaborative relationships, and leverage new partnerships and funding sources. Finally, we will influence social change.

While innovation, diversification, and strategic investment will mean greater sustainability, collaboration, and long-term success, the Edmonton Police Service remains cautious about the evidence to support the necessity of social investment and about how reasonable investments would be determined, what oversight regime would support initiatives, what recourse mechanisms are in place for investors who believe their investment produced less than desirable outcomes, the risk profile of assets to be held by the social investment bond, the amount of funds that may be disbursed from a bond each year, a usage policy that indicates the purposes for which disbursements can be used, and how the effectiveness of social impact bonds will be assessed.

The current economic climate has put pressure on budgets at all levels of government. As a consequence, there has been focus on the cost of policing and public safety. The office of strategy management will continue to review government initiatives and grant or funding opportunities and to act or respond accordingly.

In summary, social innovation to resolve complex social issues such as poverty or family violence requires new thinking, new approaches, and risk-taking that can be more effectively implemented outside of traditional government approaches.

Mr. Chairman and honourable members, the Edmonton Police Service is pleased that the House of Commons Standing Committee on Public Safety and National Security is exploring a study of social finance as it relates to crime prevention in Canada, and we thank you for asking us to tell our story of access to social financing mechanisms and their impact on safe communities.

I look forward to hearing your comments and answering your questions.

• (1655)

The Chair: On behalf of the committee, the chair thanks both of our witnesses for their commentary here today.

We will now go to questioning, beginning with seven-minute rounds and starting off with Mr. Norlock, please.

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Thank you very much, Mr. Chair.

Through you to the witnesses, thank you for being here today and for your insight into our study on social financing as it relates to crime prevention.

My first question is to Mr. McNichol.

I notice you nodding your head in agreement with much of what Ms. Shaw, the previous witness, had to say. I too agreed with much of what she said, but one of the things I'd like to dispel right now is this notion—and I think I understood Ms. Shaw to say—that society would look at someone making money on somebody else's misery as maybe not a good thing. I'll ask you the same question I ask myself. We have hospitals and we have drug companies. Drug companies treat people who have cancers. In some cases, the drugs have cured people of cancer. Companies make MRI machines that help us find cancers more quickly than we ever could before. That is because people who have cancer are in misery, right? They have a disease.

There's really nothing wrong with making money on somebody else's misery, provided the outcomes relieve the misery. Would you agree with me?

Mr. Kevin McNichol: I would agree.

Mr. Rick Norlock: If we had something like social financing and social impact bonds that help reduce crime and relieve society and the victims of crime of their misery, that would be a good thing regardless of whether somebody made a few dollars on it or not, because the end would be a reduction in misery. I think that's what you meant when you talked about value added as opposed to cost savings.

Mr. Kevin McNichol: That's correct.

Mr. Rick Norlock: If I told you that there was no intention on the part of the federal government to reduce its commitment to crime prevention but rather to look at different ways to get better results, especially results that would have value added, would you not say that's worthy of exploration?

Mr. Kevin McNichol: I think anything that would expand our ability to mobilize resources from our community, we have to look at. That community includes government, but it also includes the private sector. It includes the foundations that Ms. Shaw was talking about.

We don't have enough resources to meet the demand and the need. We have an untapped potential in terms of corporate and private donors. We've heard about the philanthropy that does exist—Tim Hortons is the example I heard earlier. I think we have a fairly good vehicle in terms of accessing those philanthropies. This is another type of vehicle that may open up new opportunities to raise more

money and provide more money on the ground to support and make change.

I think the positioning of the investors is also a choice. Investors have a wide range of potential choices to invest their money in. I suspect most of the investors that would come in here, much like with the green bonds that already exist, are not interested in making money hand over fist; at least, that is not going to be their primary motivation. It is the social good that will be created. If there is an added benefit where they can get some type of return on their dollar, I think it is an interesting way of inciting—I mean inciting—other areas or other investment into our social fabric.

Mr. Rick Norlock: Yes, I would agree. Inciting those extra dollars would be exciting, as far as I'm concerned.

One of the other issues we were looking at, of course, is the government's aversion to risk. Governments tend to have an aversion to risk. In other words, in terms of the valuable tax dollars we deal with, we want to make sure that, to the extent possible, whatever we do yields appropriate results, not only crime reduction but shows some real reduction.

I was very pleased to see, in your program, a 75% reduction in police services and a 70% reduction in child and family service investigations. This was as a result of taxpayers' dollars. Am I correct?

Mr. Kevin McNichol: We started with National Crime Prevention Centre funding. Our first four years were primarily supported by that federal government grant. We continue to produce those results, 14 years later. So that, I would suggest, is a very good return on investment.

Mr. Rick Norlock: Are you still getting that amount of money from the same source?

• (1700)

Mr. Kevin McNichol: No. We do not have federal funding at this point.

Mr. Rick Norlock: Who's funding you?

Mr. Kevin McNichol: About 80% of our funding comes from the Government of Alberta. We are supplementing that with additional dollars from foundations, United Way, and private philanthropy.

Mr. Rick Norlock: That's good to hear.

So basically the federal government brings in a program in the province of Alberta. You prove that investment is a good investment. The federal government tells you to go and look for more sources. The Government of Alberta sees it's a pretty good investment, so takes it over

What's to prevent someone else coming in and saying, "Government of Alberta, you can divert the money you're spending with these folks, because we'll take it over, but what we want to see is...". You said that for every dollar invested, \$6.31, in other words \$16 million value added back to the Government of Alberta. What would be wrong with an entity that funded you, to the tune of x number of dollars—whatever it costs you to run your program—receiving a profit or a bonus for investing in you, and the contract saying that if you don't get these results, you're not going to get any money back. The government doesn't lose out on any money. You don't lose out on any money, because your program is still on the go. Who loses out basically is the investor.

Tell me some bad things about this, because that's what this committee wants to hear. Not only do we want to hear the good things, but also we want to hear any of the cautions that may come out.

Mr. Kevin McNichol: I think you outlined the potential opportunities that might be available.

Some negative consequences that may come from that...and I'm not sure they're negative. I think they may lead to improved capacity and professionalism amongst the non-profits.

I talked about this earlier. We need an oversight body, which I believe is government, to make sure the entire social safety net is still adequately being supported and that certain organizations... If we were wildly successful and were to receive this, I would hate to see us continue to get funding at the expense of other areas that are just as critical. The key issue with this stuff is that we have to float all boats in order to be successful, and someone needs to have that oversight piece.

It is true that people put their money in what they value. But if they're unaware of other areas—and I think about the breast cancer example that I used—then those areas need to be managed and looked after by government. If we don't, then we will have gaps and a patchy social safety net, as I think another member has talked about, and that will be a problem.

The Chair: Fine, thank you very much.

Thank you, Mr. Norlock.

Now, Madame Doré Lefebvre, it's your turn.

[*Translation*]

Ms. Rosane Doré Lefebvre: Thank you, Mr. Chair.

Mr. McNichol and Ms. Biollo, thank you for contributing to our study today and for speaking to us about social finance. Your input is very much appreciated.

Ms. Biollo, I am going to start with you.

I have your presentation in front of me, and there's a statement that reads as follows:

There appears to be opportunities for social impact bonds to support programs that [the Edmonton Police Service] is involved with, specifically around supporting vulnerable and victimized persons, heavy users of services, and hard to house high risk offenders.

I'd like to know what led you to believe that social finance could be used to support activities of that nature. And at the same time, do you think there are sectors where social finance shouldn't be used?

Mr. Jacqueline Biollo: Thank you for the question. I am going to answer in English.

[*English*]

One of the things that is unique to the Edmonton Police Service is that we have many partnerships. Our main goal at the end of the day is allowing the Edmonton Police Service to respond to more appropriate calls.

We are certainly involved in the social makeup of the community, in the inner city in particular, where you have victims and vulnerable individuals.

I think that moving forward, social impact bonds allow us to identify opportunities where an investor might acknowledge that, whether it's family violence or heavy users of service.... But they're looking at the front end, assisting in an education and prevention opportunity. They would buy into perhaps assisting to alleviate the stresses of community organizations or the policing resources as a reactor or a reciprocal of these systemic barriers.

We continue to explore, not only through our proven data analysis or calls for service but through our long-standing partnerships. Then on building the intermediary, we talked about Finance For Good and their guidance on where they might be able to find investors that are poised for success in allocating dollars toward a prevention, education, and awareness initiative.

• (1705)

[*Translation*]

Ms. Rosane Doré Lefebvre: Thank you.

I'd like to ask Mr. McNichol the same question.

You also covered it in your presentation. You talked about the importance of accepting the fact that not all areas will benefit from the social finance type of funding. Could you elaborate on that point please?

You gave breast cancer awareness efforts as an example. That illustrates the point well. Could you tell us about your efforts to combat domestic violence and the types of things that should and shouldn't be done?

[*English*]

Mr. Kevin McNichol: I'm not sure there isn't anything that can't be funded by this type of model. I know that differs from what the previous presenter talked about.

The reason is that I don't think we're being creative enough in measuring the impact on the issues. If we get creative—and I think that's one of the exciting possibilities here—you could probably measure impact on just about anything you do.

The example you might use.... My organization is focusing on the justice response, and recidivism as the big social impact we measure. But I think it's more important to measure what is happening to the children in those homes and their graduation rates from school, because we know that the social determinants of criminality are often related to education and the ability of kids to have an education and get a job. We also know quite clearly from the social literature that kids who grow up in homes where there is domestic violence tend not to have the same social outcomes when it comes to their long-term development.

It's a matter of creatively thinking about how we measure a social issue and what impact we are trying to achieve. If we can link those, you can measure, but it does require creative thinking.

At this stage I think there are some things where you're looking more at structural or infrastructure issues that an organization may not have the capacity to measure. They don't have the research capacities or the evaluation capacities, or they may not have the support of local government or their ministries that may be tracking some of those larger pieces of data that they would need to demonstrate their social models. Those are probably more the limitations than the actual ability to measure something.

We just need to wrap our heads around how creative we want to be.

[Translation]

Ms. Rosane Doré Lefebvre: Is social finance the only way to achieve creativity and innovation? I know that organizations like yours really leverage innovation and creativity, as do other organizations the committee has met with as part of this and other studies. We are after all talking about a sector where stakeholders don't necessarily have any other choice. They have to rely on programs that work and they have to figure out what works. They have to learn from trial and error. Is social finance the only way the process can work? You can start by answering that question.

[English]

Mr. Kevin McNichol: As I said earlier, I don't think it is "the" answer. I think it is part of a menu of options. What for me is exciting is that it is a very new menu that may open up a broader range of resources that we can make use of. Our agency would be a demonstration of success. Government has invested and we have produced, and that investment has produced innovative results and evaluation data that shows impact. That's just one investment tool, and this would be another example of an investment tool we could use, should we as social agencies find a way to endorse it, empower it, and leverage it.

• (1710)

[Translation]

The Chair: Thank you, Ms. Doré Lefebvre.

[English]

Ms. James, go ahead, please.

Ms. Roxanne James (Scarborough Centre, CPC): Thank you, Mr. Chair.

Thank you to both of our witnesses.

I'm going to start with Mr. McNichol. In your opening remarks you talked about exploring new social financing models, and you stated that there were a number of financial models, one of which might be social impact bonds, which hold a great deal of promise. You mentioned that one specifically. Can I ask why?

Mr. Kevin McNichol: We've also worked with Finance for Good, which Jackie talked about in her presentation. It is a model that has been talked about, and I think it's probably, of the various types, the most widely known. I know of some other vehicles that work on similar concepts of trying to engage investors in new ways in which they are providing some type of social return. There's a group in Calgary looking at the homelessness issue, and poverty in particular. It has created a foundation and is inviting investors to come in and essentially create what I would describe as—and this is not the proper term—an endowment of sorts that would support poverty reduction initiatives and employment initiatives using private investor dollars.

Again, I'm not an expert in all the details of how those work, but it's a very interesting way of appealing to a different set of people with potential resources to input into addressing social issues. I would suggest that you're marketing to a different group that doesn't normally participate in these things or understand how they might be able to do it, but these are vehicles that do speak their language, if you will, and that are inviting to them.

Ms. Roxanne James: We've heard from a number of witnesses who have clearly indicated there is a wide range of organizations, private corporations, philanthropic organizations, and so on, that are out there and are willing to get involved in social finance to do public good, but also, as my colleague mentioned, sometimes there is a return on investment. There's absolutely nothing wrong with that if it actually produces results.

From your experience, do you feel that there are organizations out there that are willing to step on board to do public good?

Mr. Kevin McNichol: Absolutely. I think you just need to look at the rate of philanthropy. I can speak only to Calgary, but we have an amazing philanthropy community. We also have a very strong business community, and a lot of times when we speak to them about philanthropy, they're asking us business questions, which don't necessarily go hand in hand, but this type of model and these types of processes start to speak their language. I think it could be very inviting for them.

The other piece you're seeing in philanthropy is a desire to have a greater direct line of sight. In other words, I want to see that my dollar actually produces something. I think that's what's exciting about this conversation—it's encouraging further evaluation and data to support your dollars making a difference. Whether it's tax dollars or private dollars doesn't matter. We want to know that we produce outcomes. Historically, most non-profits don't have the luxury of investing heavily in those types of evaluative and wide-scale evaluation data collections that demonstrate the real impact they have.

Ms. Roxanne James: I think what you just said, that the dollars actually produce something, is very important to note. I think when you get into social financing and you're bringing in private investors, they're going to have a real vested interest in making sure the dollars are bringing in a return on investment, public good, and so on. Up until now, with many governments, it's almost as though a grant has been given to an organization, but the period of time for the project to take place elapses and there's really no evaluation done to determine what the return on investment is at that point. With social financing, you have the ability to do that.

You mentioned Finance for Good. We've also heard from this organization. I'm not sure if you're aware of that. They play an intermediary role in this whole scheme. I'm just wondering what you see the role of the intermediary as being and how they actually play into this from your perspective.

Mr. Kevin McNichol: Absolutely; first, they bring independent knowledge. If they are establishing criteria to support the valuation, measuring the social impact, and setting the standards as an independent body, they become neutral in what they are presenting, and then they can fairly present that to funders and hold us, as non-profits, to account to deliver on what we said.

They also bring expertise and knowledge. I'm fortunate to have an M.B.A., but many non-profit leadership groups don't have a business background, don't understand the metrics, and don't understand the investment world. So they bring that capacity and education and ability to inform us. Certainly they can also bridge into government and bring that capacity, because most of us, as non-profits, are interested in helping the client. That's where our focus is.

I started as a social worker. I work with people. For some of this other stuff, I don't bring that capacity necessarily, and that's where an intermediary can really bridge that gap, raise our ability to be professional and work in this field and deliver the results and the expectations that are required of this.

I just see it as a good benefit for us.

• (1715)

Ms. Roxanne James: As a service provider, you're not necessarily concerned about who is investing the dollars initially, just as long as someone is able to find the people who are willing to do so.

Mr. Kevin McNichol: My plea is to let me do the work.

Ms. Roxanne James: Okay, thank you.

It was funny. You mentioned "a menu of options", and it's funny because we haven't heard that. We've heard, "it's another tool in the toolbox". I wrote that down. It's another thing that just made me actually smile because it was a new one to add to the list.

You've talked about the statistical information, and you indicated there has been a 75% reduction in calls for police services. Can you correlate the reduction in calls to police services with a reduction in crime?

Mr. Kevin McNichol: The calls we were talking about are repeat calls for service. The homes we go into are non-charge in the first place. There are about 16,000 calls a year that are domestic incidents, and typically 3,000 of those, give or take, will result in a

criminal charge. That still leaves 13,000 calls for help. Police go and do what they can do, but then they will often walk away. We know at least 30% of those homes will have a second call within three months, because, I would suggest, the social issues that are leading to the calls were not addressed by the officers.

The Chair: That's fine. Thank you very much.

We will now go to Mr. Easter for seven minutes, please.

Hon. Wayne Easter: Thank you, Mr. Chair.

Thanks to both witnesses for great presentations.

I might also say that in the study on the economics of policing, especially in the Edmonton Police Service but also Calgary—although you're not with the Calgary Police Service—there was a lot of innovation seen in those two communities as well.

Starting with you, Mr. McNichol, you mentioned the evaluation systems in your presentation. How important are the evaluation systems, and why?

Mr. Kevin McNichol: They are absolutely critical. A well-run non-profit and a social serving agency should be collecting and evaluating its data. It's good business. It's good practice. We need to know that we do good work with our clients. The social innovation, the SCIF funding that Jackie talked about, was instrumental in bringing a new way of thinking about how we measure our impact, and that is the social return-on-investment idea. It's a different way of conceptualizing how we are making impact, and it often helps us to broaden our sense and understanding of the changes that we're helping our clients to realize and how they have ripple effects out into the larger communities and larger systems.

That is critical to understanding the value of the work we do.

Hon. Wayne Easter: I agree with you 100%.

I'll turn to Madam Biollo on this. In your presentation, you had a number of points on page 4, a number of questions you raised—all good ones. What oversight regime would support initiatives? I guess I would come at it from the angle of the question I asked Mr. McNichol. What types of evaluations do you need? How important is oversight? How broad does it have to be? Would you have oversight with regard to the mix of programs across the country? Ultimately, who would be responsible for that? Would it require federal leadership coming out of the Department of Public Safety and Emergency Preparedness, or what?

Could you put some meat on the bones, so to speak?

• (1720)

Ms. Jacqueline Biollo: Mr. Easter, thank you very much for the question.

I agree that evaluation certainly is an important component of any project. Whether it be innovative, a pilot, or long-standing, it allows organizations, as well as the EPS, to look at their internal resources, to decipher collaboration, and to allocate the resources accordingly. Obviously, moving forward, it also allows us to have the evidence base to go in search of additional funding if and when doing so.

You referenced some of the questions on page 4 of my presentation. These are examples of where we in the EPS, too, in the infancy stages of the exploration of social financing, see questions that we are concerned about. I would need to start by saying that even for us, if the governments at all levels are not interested in social innovation or social financing in whatever capacity, then we do need alternate means. Where do we go in search of those?

Evaluation does need leadership. In a program such as this, we probably would look to the levels of government to set the foundation and assist us with the governance aspect. From our perspective, we've been very successful in setting up partnership agreements, memorandums of understanding, and terms of reference that succinctly outline what the goals and expectations of each organization are.

Hon. Wayne Easter: Yes. I think you're coming to some points that.... There's no question that there seems to be considerable favour and considerable push, actually, on the government side, for the social impact bonds. I think some of the rest of us are looking at how you make that work in a fair and balanced way across the country.

In some areas where there isn't as much investment, how do you prevent national crime prevention policies from being reduced? We hear they're not going to be, but I've heard that before. We have a government that really is not all that interested in national strategies, and this is a push by the federal government. What are the As, Bs, and Cs that we need to pinpoint—and these questions are a good start—that need to be put in place to ensure the national government is providing the leadership on all those other areas beyond just the social impact bond?

Do either of you have any suggestions?

Ms. Jacqueline Biollo: Thank you again.

If the question is directed at us, I think you need to look at the risk of not doing something like this. Again, there's a leadership opportunity. Most of the programs may not be transferable. We can't perhaps pick up one program and implement it wholeheartedly in other jurisdictions just because of the demographics, the dynamics, the political will, or the organizational support from not-for-profits. But I appreciate the opportunity to present before you, as outlined in our report, some of the questions that I would continue to encourage your committee to investigate, to perhaps provide confidence to organizations that are looking at social impact bonds as options.

Hon. Wayne Easter: Mr. McNichol, do you have anything to add?

Mr. Kevin McNichol: No, I don't think so.

Hon. Wayne Easter: You have mentioned evaluation. Do you believe that it may be necessary to have some national oversight? Or can that be broken down at regional levels or project levels? I guess my question, too, would be, how do you coordinate this into an overall crime prevention agenda?

The Chair: That's your time, Mr. Easter.

Mr. Kevin McNichol: I think for me the key element is that each one of these is going to be centric to the community. I think Jacqueline talked about that quite clearly around the capacities of each community, the big-P and small-p political will, and who are

your champions within that community. I don't think you're going to be able to rubber-stamp these pieces.

For these to be successful, I think the key is to really follow a community development approach, where you listen to the community. The community will tell you what they want and what they're willing to champion. As they tell you that, that's where the investors will also be coming from—that community—to step in and participate. When you have that marriage, you'll have success.

The previous speaker talked about how there's a whole bunch of things you can do, a menu of things you can do, in terms of preventing crime. None of them are bad. All of them produce positive outcomes. We need to find ways to do more of them, wherever you choose to start. I think it's really incumbent on us to say that we need to prevent crime as a national strategy and then support our individual communities to say, "This is how we want to prevent crime in this community."

• (1725)

The Chair: Thank you very much.

Mr. Rousseau, you have four minutes.

[*Translation*]

Mr. Jean Rousseau (Compton—Stanstead, NDP): Thank you, Mr. Chair.

As social democrats, we have a problem with social impact bonds as regards program governance. Will the programs be available to all Canadians across the country? Will they be available up north to first nations communities? Will they be provided in urban and rural areas equally? Will they support crime prevention policies based on the various indicators and measures of crime around the country? What can you tell me about that, Ms. Biollo?

[*English*]

Ms. Jacqueline Biollo: Thank you very much for the question.

I do think that in using the intermediary, although we've heard that a lot of the philanthropic initiatives are very community-based, it is recognizable that many of these systemic barriers are international, not only national.

To your question on whether these programs could be portable to remote locations, I think that's where the opportunities are that not only the federal government but the provincial governments are identifying as high priorities. They're investing the time and due diligence to champion these initiatives and then leveraging the partnerships or the opportunities through the intermediary and investors to address these systemic barriers. I do actually think that opportunities through social impact bonds would be available to all communities across Canada.

[*Translation*]

Mr. Jean Rousseau: Mr. McNichol, I'd like to hear your take on the issue.

[English]

Mr. Kevin McNichol: I would support that position. I think what's interesting is that depending on how the vehicles are set up, and I just think of Alberta, and northern Alberta with the oil sands development—

Mr. Jean Rousseau: Exactly.

Mr. Kevin McNichol: —and the other issues that are there, the opportunity is potentially there to have those companies, if we set up and support those communities and talk about how they want to deal with and address the issue of crime. This might be a very effective avenue, where there are intermediaries and government involved, supporting the community interest and bridging in the alternate sources of financing, to enhance the services and programs that are there.

Will every community be able to benefit from these? I don't think so. But that's where I was saying that we need to look at this as a menu of opportunity. In bringing in additional items on the menu, hopefully the result will be an enhanced ability to provide a broader social safety net. The broader the net, the more people we're going to cover, and the greater the benefit across the country, in my opinion.

[Translation]

Mr. Jean Rousseau: Ms. Biollo, are you convinced that social impact bonds can help Canada's and Alberta's social fabric?

[English]

Ms. Jacqueline Biollo: Although it's an alternate means of financing, I think it's too preliminary to know the long-term or sustainable benefits. Again, what would be the impact from an investor's perspective? Are they more philanthropic? Is there a desire for them to have a return? What might their demands be in terms of the focus on the areas they're investing in?

Regrettably, I think it's just too early in the process to know, having not seen what the appetite is for investors...or perhaps even from the specific initiatives; we've talked about family violence or transitional housing. That is why the Edmonton Police Service continues to look at collaborative initiatives with our community partners to explore new and innovative ways of financing with regard to sustainable funding.

● (1730)

[Translation]

The Chair: Thank you, Mr. Rousseau.

[English]

To both our witnesses, on behalf of all of the committee, I would like to take this opportunity to thank you for coming in here today and giving not only your time but certainly your experience. I can assure you that your comments have been well received and will certainly be, what I call, “thrown into the mix” for some serious consideration.

Once again, thank you on behalf of the committee.

[Translation]

Mr. Jacqueline Biollo: Thank you very much.

[English]

The Chair: Colleagues, for the consideration and interest of the committee members and the staff, given the lack of clarity or direction as to the House schedule and the time and expense needed to confirm witnesses, the chair has taken the decision to postpone Tuesday's meeting.

Further, the chair has talked with the clerk and the analysts regarding the list of outstanding documentation referenced by our witnesses and requested by this committee. Of course it will take some time for that to come in, be translated, and put into a form where obviously consideration can be given to it. As such, the chair has undertaken to ask the analysts, as that comes in, to simply provide an up-to-date or temporary summary of all evidence and testimony that has been given to date.

The chair, of course, will wait for the direction of this committee to decide what subsequent course of action we wish to take.

[Translation]

Ms. Doré Lefebvre, did you have a question?

Ms. Rosane Doré Lefebvre: Yes, Mr. Chair. I have just one question.

Did we have witnesses planned for Tuesday's meeting? Will we still hear from them? I think I missed the first part of your comment.

[English]

The Chair: No, we will not. Tuesday is cancelled. Witnesses were not totally completed, but witnesses, of course, will be called back before the committee at the discretion of the committee.

Yes, Ms. James.

Ms. Roxanne James: Sorry, Mr. Chair, but I just have to clarify something.

I have no problems with the analysts working and getting preliminary data put together, but I don't want to have the same situation we had with the economics of policing, where we get a preliminary report and then we have to come back and ask for the actual copy at the end.

So certainly start working on the data, but I don't want anything distributed to the committee until we decide what we're doing for further business.

The Chair: Well, no; the summary will not be completed and distributed until the information is completed and is prepared to be sent out.

Ms. Roxanne James: Okay. I just wanted to clarify that.

Thank you.

The Chair: The meeting is adjourned.

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