The Way Forward

What We Heard: Social Enterprise
Message from the Minister

Social enterprises operate in numerous industries in Newfoundland and Labrador. Recognizing the many contributions of social enterprises, our government is committed to further supporting this sector.

Working with our partners, we will focus on strengthening, promoting and advancing opportunities for social enterprises. This includes encouraging entrepreneurial business models to address social and economic challenges and opportunities.

The Way Forward: Realizing Our Potential commits to increase the number of social enterprises in Newfoundland and Labrador and enhance services for existing social enterprises. To support this activity, our government will develop a Social Enterprise Action Plan, including long-term strategic goals supported by an annual work plan.

To inform the action plan, engagement sessions were completed as well as a public online questionnaire. During this time, we heard views and perspectives from individuals and organizations about the direction the Provincial Government should take on social enterprise. The ideas and suggestions expressed will guide the new action plan. The following document summarizes the input gathered during the engagement process.

Our government will promote the creation of new social enterprises, strengthen and grow existing social enterprises, and ensure the province gains maximum social and economic benefits through the use of the model. We look forward to continued partnership with organizations and stakeholders as we advance social enterprise development in Newfoundland and Labrador.

Thank you to those who contributed during the engagement process; your contributions are very helpful. We will keep you updated on the process.

Sincerely,

Honourable Christopher Mitchelmore
Minister of Tourism, Culture, Industry and Innovation
Introduction

The Provincial Government is focused on positioning the province as an ideal place to live and raise a family, with a competitive work and business environment. Returning to fiscal balance and creating the conditions necessary for economic growth and private sector job creation requires a series of multi-pronged solutions. These solutions must consider the interrelated impacts of our economic, social and fiscal policy decisions.

A new Social Enterprise Action Plan is an initiative of The Way Forward: A Vision for Sustainability and Growth in Newfoundland and Labrador as released in November 2016. The goal of a Social Enterprise Action Plan is to increase the number of social enterprises in Newfoundland and Labrador and enhance services for existing social enterprises. Social enterprise development is an innovative tool for advancing regional growth opportunities that benefit the economy, support rural sustainability and encourage entrepreneurial and inclusive governance models.

Social Enterprise Engagement Process

Through the Social Enterprise Action Plan, government aims to work with the province’s social enterprise stakeholders to support social enterprise development and sustainability in the province.

In Newfoundland and Labrador, social enterprises are operating in sectors as diverse as tourism, construction, the arts, culture, fisheries, homecare, and social housing. These enterprises create employment, reduce poverty, develop entrepreneurial skills, and successfully operate in communities where other business models would fail.

To focus efforts, the Department of Tourism, Culture, Industry and Innovation is leading the development of a Social Enterprise Action Plan, including long-term strategic goals supported by an annual work plan.

To gather information to support the Social Enterprise Action Plan, the Department of Tourism, Culture, Industry and Innovation undertook an engagement process with individuals and representatives of established social enterprises, co-operatives, credit unions, not-for-profit organizations, municipalities, industry associations, Federal Government, and other organizations. A social enterprise interdepartmental working group was also formed to engage multiple departments in the Social Enterprise Action Plan.
The process included the following forms of engagement:

**Facilitated sessions with partner and stakeholder groups**
- January 27 - March 3, 2017
- 11 half-day engagement sessions were held in Provincial Government offices in Avalon, Eastern, Central, Western and Labrador regions
- 86 people participated
- Standardized discussion document and PowerPoint presentation

**Public online questionnaire**
- February 21 - March 17, 2017
- 43 written submissions were received
- Link to online questionnaire was available to the public on Provincial Government’s Public Consultation (http://www.gov.nl.ca/consultations/) and TCII websites (http://www.tcii.gov.nl.ca/)
- Promoted at engagement sessions and social media via the TCII twitter account (@TCII_GovNL)

**Interdepartmental working group meetings**
- Reviewed policy feedback from engagement process
- The following departments are represented on the interdepartmental working group:
  - Advanced Education, Skills and Labour
  - Children, Seniors and Social Development
  - Education and Early Childhood Development
  - Executive Council (Communications and Public Engagement Branch)
  - Health and Community Services
  - Municipal Affairs and Environment
  - Service NL (Commercial Registrations; Credit Union Deposit Guarantee Corporation; and Government Purchasing Agency)
  - Tourism, Culture, Industry and Innovation
  - Transportation and Works
Many different views were expressed through the engagement process, with the information collected forming the basis of this What We Heard summary document. This summary aims to identify areas where trends emerged and is organized by discussion topic as presented in the engagement sessions and public online questionnaire.

The engagement process explored questions in the following areas:

- Definition of Social Enterprise
- Business Skills and Organizational Development
- Research and Opportunity Identification
- Policy Development
- Promotion and Awareness
- Access to Financing and Capital

**Definition of Social Enterprise**

The term “social enterprise” can mean different things to different organizations. Three definitions were presented to promote discussion. Of these, participants were asked, which definition do you think is most appropriate.

- The Organisation for Economic Co-operation and Development (OECD) defines social enterprises as “any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment”.
- The Social Enterprise Council of Canada definition states, “Social enterprises are community-based businesses that sell goods or services in the market place to achieve a social, cultural and/or environmental purpose; they reinvest their profits to maximize their social mission”.
- The Government of Canada recently provided clarity on its definition of social enterprise. “A social enterprise seeks to achieve social, cultural or environmental aims through the sale of goods and services. The social enterprise can be for-profit or not-for-profit but the majority of net profits must be directed to a social objective with limited distribution to shareholders and owners.”
What we heard

While all three definitions received support, stakeholders suggested the following recommendations:

- Definition should be simple and clear, shaped to suit the Newfoundland and Labrador environment. It should be broad and inclusive and not narrowed to terms such as social exclusion and unemployment.
- Definition should include “a social, cultural and/or environmental mission.”
- Aim of social enterprise is to achieve a social and financial return on investment.
- Cautionary communication that the term “community-based” business may be misinterpreted as any small local business operating in the community verses a true social enterprise.
- Consider different models of social enterprise including for-profit and non-profit organizations.
- Determine role of co-operatives and credit unions in the upcoming memorandum of understanding with the Government of Newfoundland and Labrador.

Business Skills and Organizational Development

Supporting the sector means ensuring on-going learning opportunities throughout the province build the specific business and organizational skills needed to blend financial and social goals.

Stakeholders were asked about (1) the required skills to start and grow a social enterprise; (2) which skills are the most challenging to acquire; and, (3) what can the Provincial Government do, in collaboration with other key partners, to support skills development in the social enterprise community.

What we heard

Stakeholders identified the following challenges and opportunities:

- Greater access to fundraising, financial management, proposal writing, networking, project management and opportunity management skills.
- Opportunities for greater understanding on how best to combine business (profit) and social (impact) skills.
- Challenges with human resources, volunteer commitment, and board diversity, especially in rural areas.
- Deliver training in partnership with other organizations such as Memorial University’s Centre for Social Enterprise, College of the North Atlantic and the Newfoundland-Labrador Federation of Co-operatives, and industry associations.

Research and Opportunity Identification

Strategic areas of social enterprise development should be prioritized using well-informed research, pro-actively identified, and appropriately directed to interested community groups and partners in social enterprise.

Stakeholders were asked which research topics would help further social enterprise development in the province.
What we heard

Stakeholders identified the following challenges and opportunities:

- Use the model to research opportunities and/or community needs due to service reductions in multiple sectors such as health, immigration, agriculture, technology, tourism and culture.
- Build self-sustaining social enterprise development in rural and urban areas.
- Increase awareness of best practices of existing successful social enterprises.
- Increase the role for post-secondary institutions in supporting students in social enterprise and graduate work.

Policy Development

Explore policy areas impacting social enterprise and models that can be applied throughout numerous sectors.

Stakeholders were asked what policies present challenges to social enterprise development and what provincial policies could be implemented to encourage social enterprise development.

What we heard

Stakeholders identified the following challenges and opportunities:

- Support social development as a route to economic development where social + economic + culture + environmental benefits = net overall benefits. Assess projects on merits of economic and social benefits.
- Shift away from a program-based model towards a problem-solutions based model.
- Nimble, entrepreneurial and innovative policies and programs that maintain Provincial Government funding when implementing new and efficient practices, such as job sharing.
- Remove restrictions that limit development including eligibility criteria, ineligible administration costs, and competitive impact.
- View social enterprises as an investment; rather than a subsidy.
- Make appropriate decisions rather than political ones when assessing projects.
- Consider the full impact of the Provincial Government’s procurement process, not just the life of the contract. There is opportunity to realize best value for money, social, economic and environmental priorities through the new Act Respecting Procurement by Public Bodies (not yet in force).
- Provincial Government departments to work together to resolve simple roadblocks that hinder social enterprise development.
- Review new legal forms designed for social enterprise, such as British Columbia’s Community Contribution Companies and Nova Scotia’s Community Interest Companies (organizations that meet additional legal requirements and have an explicit community purpose).
**Promotion and Awareness**

Enhance access to information about social enterprise development, and generate public awareness about innovative models that can be used in the community.

Stakeholders were asked how can the Provincial Government and partners build awareness of social enterprise throughout the province.

**What we heard**

Stakeholders identified the following challenges and opportunities:

- Work through partners and other organizations to increase the profile of the model, its benefits and impact on communities.
- Use word-of-mouth, activate an awareness campaign, develop presentations for key stakeholder groups, provide networking opportunities, promote social enterprise via social media platforms, and enhance community benefits agreements.
- Build awareness of the model throughout the Provincial Government and move to a sophisticated conversation between social enterprises and for-profit businesses to help social enterprises grow.
- Identify and profile social enterprise success stories within the context of the Provincial Government’s Memorandum of Understanding with the Newfoundland-Labrador Federation of Co-operatives to promote development, particularly in rural areas.

**Access to Financing and Capital**

Explore financial sources available (e.g. revenue from business operations, grants, loans, donations) and access to capital opportunities and challenges for social enterprises, such as terms and conditions for loan financing to meet the needs of social enterprise.

Stakeholders were asked what are the gaps and barriers to accessing financing and capital and what opportunities should be explored to improve financing options.
What we heard

Stakeholders identified the following challenges and opportunities:

- Timely access to capital throughout the social enterprise life cycle.
- Access to grants and loans with flexible terms and conditions is required from government, credit unions, and commercial lenders.
- Remove restrictions around competitive impact, strategic sectors, operational support, inflexible lending policies, and security.
- Increase awareness of provincial and national funding programs.
- Access to loan guarantees as some not-for-profit directors take on personal financial risks to access funding.

Next Steps

TCII is reviewing stakeholder feedback and engaging the interdepartmental committee to develop and finalize initiatives for the new Social Enterprise Action Plan. The long term action plan will be supported by an annual work plan, which will be reviewed with key partners to identify progress and new activities for future years.