

# ONN POLICY PRIORITIES 2020-2021

## COMMUNITY WEALTH BUILDING FOR A BETTER ECONOMY

### Growing nonprofit social enterprise to address social and environmental challenges

#### THE ISSUE

#### **Our dominant economic model is not supporting community wealth or well-being.**

In the context of growing inequality, household debt, and climate crisis, [public benefit nonprofits](#) are joining local economic development efforts to engage people in community ownership of critical services like housing, food, social care, and renewable energy. Community ownership (like nonprofit social enterprises and cooperatives) means that local people, especially equity-seeking groups, can keep more of the wealth they generate. But nonprofit social enterprises lack capital investment (such as low-interest loans and community bonds) that can help them grow. They also need enabling public policy to scale up initiatives that provide opportunities and dignity for local residents.

At the same time, some public and private investors seek to invest in the nonprofit sector for both a social and financial return. It is important that “[social finance](#)” mechanisms primarily support nonprofit and cooperative social enterprises and do not end up subsidizing private investment. There is a need for nonprofit financial bodies in Ontario and across Canada (similar to Quebec’s [RISQ](#) and [Trust](#)) to link small- and large-scale capital with nonprofit social enterprises that need investment.

#### POLICY STATEMENT

**ONN advocates for an enabling public policy environment for nonprofit social enterprises as they work to create jobs, innovate, scale up, deliver essential community services, and create community wealth and well-being.** ONN recommends that the Ontario Government support nonprofit social enterprise as a way to facilitate nonprofit financial sustainability and local job creation, particularly for those facing barriers to employment. We also encourage provincial and municipal governments to allocate surplus lands for community ownership and use. We encourage governments to develop financial tools such as loan guarantees to support capital investment in smaller nonprofit infrastructure projects. We call for new social finance funds, and any private funds invested through “impact investing,” to be channelled via community-governed nonprofit financial intermediaries and made available in forms that are accessible and affordable to small nonprofits.

#### NEXT STEPS

**Advocate for the Ontario Government to:**

- Develop a [made-in-Ontario social enterprise strategy](#) with the nonprofit and co-operative sectors that includes commitments on social value procurement, nonprofit access to surplus public lands, and the development of investment and partnership opportunities in the sector.

**Advocate for the Government of Canada to:**

- Ensure that the design and implementation of its [Social Innovation and Social Finance Strategy](#), and especially its ten-year, \$755 million [Social Finance Fund](#), remain squarely focused on solving the social, economic, and environmental challenges of our time, by:
  - ensuring that funds are accessible to nonprofit social enterprises,
  - ensuring that private capital and risk is not unfairly subsidized, and
  - funding nonprofit and cooperative consortia/intermediaries (linking organizations) to connect small community nonprofits with larger-scale investment streams.
- [Amend the Income Tax Act](#) to clarify that nonprofits and charities can generate surpluses and reinvest them in their missions, so that these organizations can engage in revenue-generating social enterprises without regulatory barriers.

**Work with the Ontario nonprofit sector to:**

- Convene and grow the “[Community wealth building](#)” network to provide a forum for our sector to develop a shared understanding of our role in fostering an inclusive economy through nonprofit social enterprises – such as child care, recreation centres, community kitchens, community land trusts, nonprofit co-working spaces, housing, and energy cooperatives.
- Foster collaborations among nonprofit organizations and co-operatives in preparing for the federal Social Finance Fund and impact investment more generally.
- Promote a shared understanding of the critical role played by nonprofit social enterprise and other forms of earned income in sustaining the nonprofit sector and creating local jobs.
- Develop and promote a Community Finance Policy Framework for Ontario to inform regional and locally driven community investment mechanisms (like community bonds) for institutional investors and individuals with savings, nonprofits with assets, and other institutions to channel investments into public benefit nonprofits.