Rural and Remote Municipalities as Practitioners and Intermediaries in Social Enterprise Development: A Case for Place-Based Policy

by

Mary Ferguson

A Thesis presented to The University of Guelph in partial fulfilment of requirements for the degree of Doctorate in School of Environmental Design and Rural Development

Guelph, Ontario, Canada

© Mary Ferguson, September, 2018
ABSTRACT

RURAL AND REMOTE MUNICIPALITIES AS PRACTITIONERS AND INTERMEDIARIES IN SOCIAL ENTERPRISE DEVELOPMENT: A CASE FOR PLACE-BASED POLICY

Mary Ferguson
University of Guelph, 2018

Advisor:
Dr. Allan Lauzon

Rural municipalities have a critical role to play in the field of social enterprise development. This level of government best reflects local conditions, concerns, values and histories. There is little research supporting rural municipalities’ decision-making in the role of practitioners and intermediaries in rural social enterprise development. This research provides case studies that highlight effective practices in current use, practices that could be replicated and built on to better stimulate and support rural and remote development of social enterprise. This research documents social enterprise interventions as local phenomena, within an understanding of specifically rural policy, rural opportunities, and rural challenges.

Case study methodologies were used to describe rural and remote social enterprises and effective practices. The researcher conducted a cross-case analysis, comparing studies to reveal new knowledge of what rural and remote municipalities are doing to support social enterprise development and the social economy.

Municipalities are active as intermediaries in the following ways:

- Providing grants to non-profit organizations to support their social enterprise development
- Supporting citizen engagement and collaborative creation
- Act as a patient or loss-leader landlord to create new opportunities for non-profit organizations
● Support good ideas with short-term insurance coverage
● Linking social development enterprises to support across jurisdictions
● Partnering in early-stage social enterprise concept development.
● Endorsing the social enterprise work of local non-profit organizations.
● Leveraging the results of non-profit social enterprises to meet civic objectives.

Municipalities also act as practitioners and operate their own social enterprises.

They:
● Maintain ownership of public infrastructure
● Use corporate structures creatively
● Enshrine earned revenue in municipal strategic plans
● Work across political boundaries to support social enterprise concepts
● Formalize friendship accords with First Nations to support truth and reconciliation
● Build a vibrant system supporting the development of rural and remote municipalities

Rural and remote municipalities are not currently linked to the emerging system of support for social enterprise development. The conclusions and recommendations in the final two chapters of this document lay out a path for municipalities to become active in that system emerging in Ontario.
Dedication

This dissertation is dedicated to all rural and remote Ontario residents. Rural and remote people across Ontario are being served by non-profit organizations and municipalities that struggle in a policy context designed for larger urban centers. This context makes it difficult to provide Ontario’s rural and remote residents the quality of life enjoyed by Ontarians in urban settings. Rural and remote people have to volunteer to maintain services, which are rapidly being eroded and centralized. Interviewees for this research provided a clear picture of the ingenuity necessary to maintain and enhance services by supporting non-profit social enterprises and developing their own workable enterprise concepts. And residents of our hinterlands are proving admirably ingenious.
Acknowledgements

Interviewees
Thank you to the 52 people I interviewed. They remain unnamed here, to protect their identities. Thank you all for speaking so openly and eloquently about your social enterprises. You provided new information that will help rural and remote municipalities be more creative and effective in deciding on social enterprises for themselves, and non-profit organizations operating in their jurisdictions.

PhD Advisory Committee Members
A special “thank you” to my PhD Committee members for your valuable critique support.

Dr. Allan Lauzon       PhD Advisor
School of Environmental Design and Rural Development, University of Guelph
Al has worked with me for the last six years. His patience and skillful guidance revealed new perspectives and helped seat this work well in the rural policy context.

Dr. Tessa Hebb       Committee Member
Director, Carleton University Centre for Community Innovation
Tessa provided excellent resources that deepened and strengthened this research considerably.

Dr. Wayne Caldwell       Committee Member
School of Environmental Design and Rural Development, University of Guelph
My first meeting with Wayne, seven years ago, convinced me that this research would be important to rural and remote municipalities. He encouraged me to apply for what became a six-year journey at the School of Environmental Design and Rural Development (SEDRD).
Research Funding
This research was supported by the Ontario Ministry of Agriculture, Food and Rural Affairs through an Agriculture and Rural Policy Research Grant.

Research Advisory Committee
Early on, I recruited an advisory committee which assisted greatly with tool development, case study selection and the review of my conclusions:

- **Jaden Calvert**    Councillor
  *Municipality of Meaford*
  As a youthful council member instrumental in developing social enterprises in his own community, Jaden brought the work a solid ground-level perspective.

- **Paul Chamberlain**    Executive Director
  *Community Economic Development Network, Ontario Region*
  Paul brought deep knowledge from his network’s work in both provincial and federal social enterprise development.

- **Mark Cassidy**    Project Manager
  *Rural Ontario Institute*
  Mark has been instrumental in the development of multiple social enterprises in the province, and brought wide learning to the research.

- **Social Enterprise Unit Policy Advisors**
  *Commercialization & Scale-Ups Division, Ontario Ministry of Economic Development and Growth*
  These policy advisors brought a penetrating interest in learning about rural and remote social enterprise activity:

  - **Stephen Cohen**    Senior Policy Advisor
  - **Abdi Hersi**    Advisor
  - **Vanessa Abban**    Policy Advisor
• Rural Policy Branch

Ontario Ministry of Agriculture, Food and Rural Affairs

The ministry helped to focus my research to learn more about the policy context for social enterprise support:

- Ramona Cameletti Policy Advisor
  Thanks to Ramona for her work over the last seven years. Her interest in, and commitment to, rural and remote social enterprise helped pave the way for the funding that supported this research.

- Jason Tran Policy Advisor
- Carol Kenny Policy Advisor

Research assistance, editing and formatting support

- Cathy Lang
  Cathy and I have worked together on rural social enterprise development for nine years. In a province where rural and remote areas were missing out on social enterprise development we together took the lead to make a difference. Together we wrote three papers which paved the way for the research documented here.

- Erica Ferguson
  Erica assisted with the preparation of the proposal, which led to the funding that allowed me to complete this research.

- Emmett Ferguson
  In the early stages of this research, Emmett assisted with review of the literature, and helped to shape what it revealed.

- Janine McGowan
  Throughout primary research, Janine kept data organized and backed-up, and assisted with transcriptions and data analysis.

- Owen Ferguson
  Owen edited various versions and provided constructive comments
Moral Support

- **POEME: Peter, Owen, Erica, Mary and Emmett Ferguson**
  My family bore the six years of research, analysis and writing with patience and even enthusiasm:
  
  - Thanks to my sons Owen and Emmett, my daughter Erica, and their partners Bex, Hannah and Kyle, for being fully-grown adults with their own lives, and thereby giving me the time to focus.
  - My time with my husband Peter was significantly diminished at a time in our lives when people typically set a more leisurely pace and spend more time together. The work benefited from his constant patience and keen editing eye. Now we will have more time together.
  - It isn’t the norm to acknowledge oneself. I am pleased that I was able to carry this research through six years while pursuing the important work of being an Oma and operating my own business. Self-activation is always necessary.

- **The Children**
  Ultimately, this work is for the rural and remote children of Ontario. Mine include: Ada, Sjoerd, Nora, Alexandra, Joshua, Hanneli, Ineke and Wyn.

- **The Dogs**
  Each day I walk the trails, forests, roads and fields near my home in the Beaver Valley, primarily for the dogs. Millie and Raven ensure that this
happens every day, usually more than once. These sojourns keep me well, and daily reinforce how important it is to have access to, to be able to enjoy, preserve, and support life in, Ontario’s rural and remote areas.
Table of Contents

Abstract .................................................................................................................................................. ii

Dedication ........................................................................................................................................ iii

Acknowledgements ............................................................................................................................ v

Contents ................................................................................................................................................. x

Figures .................................................................................................................................................. xiv

Tables .................................................................................................................................................... xv

Abbreviations and Terms ....................................................................................................................... xvi

Chapter 1: Introduction ......................................................................................................................... 1

1.1 Problem statement ......................................................................................................................... 4

1.2 Who will benefit from this research? ......................................................................................... 5

1.3 Research goal and objectives ................................................................................................. 6

1.4 Why is this research significant? ............................................................................................ 7

1.5 Assumptions ............................................................................................................................... 8

1.6 Limitations ................................................................................................................................... 8

Chapter 2: Literature Review ............................................................................................................. 11

2.1 Introduction ............................................................................................................................... 11

2.2 Canada’s changing rural context ............................................................................................ 12

2.3 History of social enterprise development ............................................................................ 17

2.4 Social Enterprise Development in North America ............................................................... 31

2.5 Social Enterprise Development in Canada ............................................................................ 33

2.6 Social Enterprise Development in Ontario ........................................................................... 42
2.7 Rural Social Enterprise Development in Ontario............................................. 44
2.8 The social enterprise ecosystem of support in Ontario ......................... 50
2.9 The role of non-profits in the development of social enterprise in Ontario .................................................................................................................................................................................. 57
2.10 Provincial and Federal Government Roles in Social Enterprise Development.................................................................................................................................................................................. 60
2.11 Role of rural municipalities in social enterprise development........... 63
2.12 Current Thinking on Place-Based Rural Policy: Theory and Practice 68

Chapter 3: Methodology ......................................................................................... 77
3.1 Introduction ........................................................................................................... 77
3.2 Advisory Committee Selection........................................................................ 79
3.3 Case Study Site Selection (Phase One) ............................................................... 79
3.4 Phase 1: Key informant interviews ................................................................. 81
3.5 Phase 1 Data Analysis .......................................................................................... 82
3.6 Phase 2: Social Enterprise Case Study Research ........................................... 84
3.6 Phase 2 Data Analysis .......................................................................................... 85
3.7 Cross-Case Analysis............................................................................................ 86

Chapter 4: Social Enterprise Case Studies ............................................................. 88
4.1 Introduction ........................................................................................................... 88
4.2 Huron County ...................................................................................................... 88
4.3 Wroxeter Community Hall ............................................................................... 91
4.4 Goderich Port Authority ..................................................................................... 97
4.5 Kenora District ................................................................................................... 101
4.6 Sioux Lookout Regional Distribution Centre ................................................... 106
4.7 Cloverbelt Local Food Co-op – Dryden Ontario ............................................ 115
4.8 Peterborough County ................................................................. 121
4.9 Keene Health Centre .................................................................... 124
4.10 Peterborough GreenUp ................................................................. 127
4.11 Simcoe County ........................................................................... 131
4.12 Operation Grow .......................................................................... 134
4.13 InnServices ............................................................................... 139

Chapter 5: Cross Case Analysis and Detailed Findings ......................... 144
5.1 Introduction ................................................................................... 144
5.2 Current level of knowledge and rural municipal activity in social enterprises .................................................................................. 145
5.3 Enablers of, and barriers to, municipalities’ social enterprise intermediaries .................................................................................. 150
5.4: Effective practices in municipally supported social enterprise development .................................................................................. 157
5.5 Effective Practices as intermediaries ................................................. 166
5.6 Effective Practices as practitioners ..................................................... 169
5.7 Municipal supports for place-based rural social enterprise development .................................................................................. 171

Chapter 6: Summary and Conclusions .................................................. 174
6.1 Introduction ................................................................................... 174
6.2 Confirming one definition of social enterprise .................................. 174
6.3 Rural and remote municipalities’ involvement in social enterprise development .................................................................................. 178
6.4 Municipalities and non-profits in rural and remote areas ................. 181
6.5 Regional, provincial and federal government policies ....................... 186
6.6 Importance of place .............................................................................................................. 188

Chapter 7: Recommendation: a framework for social enterprise practice and policy supports ................................................................. 193

7.1 Introduction .............................................................................................................................................. 193

7.2 Building a system of support: Provide regional social enterprise intermediary business supports with relevant resources and research... 195

7.3 Creating an enabling environment by developing inter-regional and provincial networks............................................................................................................. 199

7.4 Build an enabling and aligned policy framework ................................................................. 204

References ........................................................................................................................................................................... 207

Appendix 1: List of Advisory Committee Members .............................................................................. 1

Appendix 2: Key Informants for Phase One and Phase Two Research ............................................ 3

Appendix 3: Research Backgrounder ........................................................................................................... 6

Appendix 4: Consent to Participate ............................................................................................................... 10

Appendix 5: Interview Guide for CAOs and Mayors .............................................................................. 231

Appendix 6: Matrix of Possible Case Study Sites .................................................................................. 2

Appendix 7: Social Enterprise Study Interview Guide .............................................................................. 243

Appendix 8: Cross Case Analysis Matrix ........................................................................................................... 247
Figures

Figure 1: The Social Enterprise Ecosystem (Mowat Centre, 2013, p. 4). .......................... 51
Figure 2: Key Components of the Enterprise Eco-system (Social Enterprise Council of Canada, 2013) ................................................................. 53
Figure 3: An ecosystem for rural social enterprise development support (Lang, et al., 2016a, page 22) .................................................................................. 56
Figure 4: The Seven Capitals in the Community Capitals Framework ................................ 75
Figure 5: Revised Capitals Framework (Lang, et al., [2016 b] adapted from Flora and Flora, 2008) ........................................................................................................... 86
Figure 6: Map of Huron County Census Division (Statistics Canada, 2013b) .................. 89
Figure 7: Map of Dryden (Statistics Canada, 2012b, “Focus on Geography”) ............... 103
Figure 8: CLFC Connections between partners, funding opportunities, and other resources.) 118
Figure 9: Map of Peterborough County .......................................................................... 122
Figure 10: Map of Simcoe County Census Division (Statistics Canada, 2014). ............. 132
Figure 11: Municipalities as Intermediaries and Practitioners in Social Enterprise Development ...................................................................................................................... 149
Figure 12: Framework for stakeholders to work together to build an enabling policy environment ................................................................. 194
Figure 13: Ecosystem of Supports for Rural and Remote Social Enterprise Development ... 205
Tables

Table 1: Percentage of public revenues controlled by municipal, provincial and federal governments ........................................ 68
Table 2: Number of Interviewees and Interviews by Case Study .................................................. 85
Table 3: Interviewee’s Knowledge of Social Enterprise ................................................................. 145
Table 4: Municipally-owned social enterprises by region ......................................................... 147
## Abbreviations and Terms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCEDNET</td>
<td>The Canadian Community Economic Development Network</td>
</tr>
<tr>
<td>CISED</td>
<td>Collaborative for Innovative Social Enterprise Development (CISED)</td>
</tr>
<tr>
<td>FRL</td>
<td>The Foundation for Rural Living</td>
</tr>
<tr>
<td>GTA</td>
<td>Greater Toronto Area</td>
</tr>
<tr>
<td>MSI</td>
<td>Multi-stakeholder Initiatives</td>
</tr>
<tr>
<td>NFP</td>
<td>Non-profit</td>
</tr>
<tr>
<td>ONN</td>
<td>Ontario Non-profit Network</td>
</tr>
<tr>
<td>OSER</td>
<td>Ontario Social Economy Roundtable</td>
</tr>
<tr>
<td>OTF</td>
<td>Ontario Trillium Foundation</td>
</tr>
<tr>
<td>RSEC</td>
<td>Rural Social Enterprise Collaborative</td>
</tr>
<tr>
<td>SE</td>
<td>Social Enterprise</td>
</tr>
<tr>
<td>SECC</td>
<td>Social Enterprise Council of Canada</td>
</tr>
<tr>
<td>SEDRD</td>
<td>School of Environmental Design and Rural Development, University of Guelph</td>
</tr>
<tr>
<td>SEEG</td>
<td>Peel Region’s Social Enterprise Enabling Group</td>
</tr>
<tr>
<td>SSE</td>
<td>Social and Solidarity Economy</td>
</tr>
<tr>
<td>TEF</td>
<td>Toronto Enterprise Fund</td>
</tr>
</tbody>
</table>
Chapter 1: Introduction

Social enterprises operate across Ontario. They are emerging through the leadership of community non-profit organizations, municipalities, networks and associations. A social enterprise is a business owned and/or operated by a non-profit for the purpose of generating revenue while achieving social, cultural or environmental aims. For the purposes of this thesis, “social enterprise” will include only those enterprises run by, or owned by, non-profit or charitable organizations, or by collectives led by vision- and value-driven leaders who seek to address the complexities of community development.

Many Canadian social enterprises are supported by federal departments and provincial ministries. Because social enterprises represent cross-sectoral initiatives, they are receiving support through various health, housing, economic and social development programs. This piecemeal approach is not an effective way to support social enterprise. It is important for all levels of government to adjust policies and programs to support cross-sectoral approaches, and thereby to support the development of social enterprises that also cut across sectors to solve the complex problems facing the rural and remote citizens of Ontario.

In October 2013, the Province of Ontario opened a new Office of Social Enterprise within the Ministry of Economic Development and Growth. In 2016 it established the Social Enterprise Unit of the ministry’s Commercialization and Scale Ups Division.

From a policy perspective, this heralds a mainstreaming of social enterprise. However, the social enterprise unit has yet to determine a clear definition of social enterprise. At the time of this writing, the Social Enterprise Demonstration Fund (SEDF) is launching a new round of support for social enterprise development, under the stipulation that “only organizations that are incorporated federally or provincially as a not-for-profit
corporation can apply for funding. This stream focuses on not-for-profit social enterprises and social enterprises.” (Social Enterprise Development Fund website – How it Works, 2017) The addition of the term social enterprise at the end of this definition only adds to the existing confusion about which corporate structures are valid social enterprises in Ontario.

According to Lang, et al., (2016b, p. 22) “recent provincial policy focusing on supporting for-profit social purpose businesses has somewhat eclipsed attention to non-profit SEs, particularly those outside of urban areas. It is also influencing the definition of social enterprise success and scale. It is difficult to compare non-profit social enterprise with for-profit businesses given the accountabilities of non-profits to multiple stakeholders.” In addition, the researchers noted that “rural and northern non-profits remain at a disadvantage to their urban counterparts. This may be experienced as gaps in access to grant capital, capacity building resources, specialized supports tailored to their needs, and social enterprise networking and mentoring opportunities to assist them with their social enterprise development. Further, the ability of rural and northern non-profits to contribute knowledge about effective social enterprise practice and policy is often limited by their smaller scale, less established connections to influencers (often urban-based organizations and people), and the lack of a unified position on common issues.” (Lang, et al., 2016b, p. 22)

Very little Canadian- or Ontario-based research is available to support rural municipalities making decisions about their role as practitioners of, and intermediaries in, rural social enterprise. Policy-makers, academics and citizens require a better understanding of municipalities’ many roles in creating the conditions, policies and supports necessary for social enterprise to flourish, especially in rural Ontario. This research sought to meet this need by performing primary research in four rural Ontario regions, to highlight effective practices and policies. The research results support effective local decision-making regarding social enterprise as a key strategy in the
development of a socially advantageous economy across the rural and remote parts of the province.

The research took as its subject the smallest-scale, most local, and most democratically governed level of government in Canada: its municipalities. In this researcher’s experience over the past 20 years, governments have increasingly used evidence-based policy development approaches. Evidence-based policy approaches typically use objective research to support decision-making. This research provides timely information on gaps in social enterprise support, and identifies specific strategies for municipalities filling those gaps.

Rural and remote Ontario communities and regions are experiencing unprecedented economic and social challenges. To ensure their ongoing vitality, and to create a future of prosperity and health, diversification is necessary. However, the path is not clear-cut, and local governments need accessible information and recommendations based on real diversification strategies that have already worked in other rural regions. This research provides an exploratory study of how municipalities are supporting social enterprises. The data generated provides knowledge that could increase municipal governments’ understanding of, and investment in, social economy through social enterprises. They present an effective means of achieving economic diversity. Primary research took place in four rural regions of Ontario that have made steps towards successful diversification through social enterprise. This is combined with a comprehensive literature review aimed at better understanding social enterprise generally, and at seeking out effective practices and lessons learned by other rural and remote municipalities in Canada. Through this two-pronged approach, the research provides rural policy-makers with information and evidence needed to effectively pursue the service diversity upon which their constituents now depend.
The research results provide specific examples of rural municipalities reinvigorating the rural Ontario economy and improving civic quality-of-life. It illustrates how place-based social enterprise development is a key to rural diversification.

Municipalities are well positioned to act as intermediaries, navigating provincial and federal policies to the benefit of their regions. They can effectively mediate between upper levels of government and the nonprofit sector, potentially concurrently providing new employment opportunities and much-needed community services. As government and private sector roles evolve, nonprofits are increasingly providing key services. At the same time, they are generating revenue, maintaining and building employment in their regions. By working with social enterprise entrepreneurs, forward-thinking rural regions are realizing their potential for a multi-sectoral approach to sustainable economic, social, cultural, and environmental stabilization and revitalization. The examples examined provide critical lessons for all rural and remote regions in Ontario and Canada.

1.1 Problem statement

Rural municipalities play a critical role as intermediaries in the social enterprise development field. This level of government is crucial in the development and maintenance of social enterprise activity in rural and remote contexts, because it is the most reflective of local conditions, concerns, values and histories. Most municipal governments do not understand how they can leverage municipal and community assets through social enterprise development. There is very little research supporting rural municipalities' decision-making regarding their role as practitioners and intermediaries in rural social enterprise development. This research highlights effective practices currently in use, practices that could be replicated to more effectively stimulate and support rural development of social enterprise. It documents social enterprise
interventions as a local phenomenon, but also within an understanding specifically of rural policy, rural opportunities, and rural challenges.

1.2 Who will benefit from this research?
There are six direct beneficiaries of this applied research: rural municipal governments, rural Ontario community organizations, provincial and federal governments, rural communities, and academic institutions throughout Ontario. They can benefit in the following ways:

**Rural municipal governments**: By being provided specific strategies, concrete evidence, and effective practices to support community-based social economy transition, these findings allow municipalities to act in a manner better positioned to diversify their social economies. In identifying successful pathways for revitalization, and presenting specific recommendations for harnessing social enterprise from four distinct Ontario regions, this research illustrates how local government support of social enterprise is a crucial component of ongoing regional civic vitality.

**Rural Ontario community organizations**: Concrete lessons learned from four rural Ontario regions can directly assist other rural community leaders in assessing and attempting specific social enterprise diversification strategies. Social enterprises provide individuals and families access to more diverse opportunities, which in turn leads to diverse and robust local economies. These can then maintain community and regional vitality during times of change. By understanding effective practices, rural non-profit organizations and social entrepreneurs can learn about the municipalities’ roles in social enterprise development, growth and sustainability. This research can benefit business enterprise centres, United Way charities, philanthropists, county governments, and chiefs’ councils by equipping them with the tools and models they need to design policies and approaches that improve community resilience.
**Provincial and federal governments:** This research provides evidence allowing provincial ministries and federal departments to pursue effective place-based policy and invest in the conditions needed for social economies in rural Ontario and Canada to flourish. It outlines how policy, at all levels, drives rural social enterprise development and social economic diversity.

**Rural and remote communities throughout Canada:** Through this research and its anticipated policy spin-offs, rural communities across Canada can benefit from increased economic diversity and social enterprise activity. It provides evidence of combined social and economic development through examples of how social economy diversification actually happens in real-world rural and remote civic situations.

**Academic institutions:** Post-secondary institutions across Canada are beginning to recognize the importance of social enterprise, and discussions of the social economy are emerging in their academic programming. These institutions and their members will benefit from having access to research that focuses on rural and remote areas and municipalities.

**Researchers in rural and community development:** Social enterprise is a powerful community economic development strategy. This research will be of use to rural researchers examining this phenomenon, and will add to the existing body of knowledge on rural development available for study.

### 1.3 Research goal and objectives

**Research goal:** The goal of this research was to determine the role that rural and remote Ontario municipalities play as intermediaries between local, provincial and federal involvement in rural social enterprise development.
Research objectives are to:

- Assess the current level of rural municipal activity in social enterprises that are publicly owned or owned by nonprofit organizations in Ontario.
- Identify the enablers of, and barriers to, municipalities’ acting as social enterprise intermediaries.
- Find effective practices in municipally supported and led social enterprise development.
- Document and identify the municipal supports required for effective place-based rural social enterprise development.
- Determine key leverage points for municipal, and other, public policies that facilitate effective and fruitful rural Ontario social enterprise development.

1.4 Why is this research significant?

Of primary concern to this research is that the role of specifically rural and remote social enterprise may not receive the attention it warrants. The ideology, language and approaches being used at the provincial level may frustrate or confuse the efforts of the social enterprise development sector generally, and rural and remote development specifically.

If policy seeks to encourage rural and remote development, local considerations must be taken into account; “moving urban models into a rural context” may be inappropriate (Warren-Smith and Jackson 2004, p. 379). Through this research, rural municipalities can learn how to better harness social enterprise models for revitalization. Rural nonprofits and social entrepreneurs will learn more about municipal priorities in social enterprise development. Business enterprise centers, United Way charities, county governments and chiefs’ councils will be better equipped to design policies and approaches for greater community resilience. Provincial ministries and federal
departments will be aware of policy leverage points in which to invest more accurately, creating the necessary conditions for a flourishing social economy.

### 1.5 Assumptions

This research was undertaken based on an assumption that focusing on rural and remote municipalities, their role in social enterprises, their support systems, and the contexts within which they operate, would provide sufficient data to build solid conclusions and recommendations for improving place-based investment and policy development. A second assumption was that rural municipalities, nonprofit organizations, key informants and social enterprises had time to participate in, and provide accurate and relevant information for building a case study. It was also assumed that a case study methodology is the best way to document the practices that municipalities are using. A further assumption was made, that an advisory committee would provide the best guidance in terms of case selection, especially given the members’ experience in social enterprise development from a variety of perspectives.

### 1.6 Limitations

This research has been limited by a number of factors.

Rapid change in the social enterprise sector made it difficult to keep track of new players, activities and policies. This research provides an historical and a point-in-time analysis based on best efforts to understand the rural and remote social enterprise context.

Another limitation related to the decision to profile or investigate the development paths of only two (2) social enterprises in each region. As the research progressed, each region showed evidence of a significant number of active social enterprises. Time and
funding constraints prevented an in-depth analysis of the sum total of social enterprise activity in any one region. Instead, the analytical framework was chosen to allow for analysis across regions, as well as within them, while being mindful of the scope, duration, and resources allocated. Some additional social enterprise examples were identified during the interviews, and these have been captured in Chapter 5.

Another limitation relates to the definitions provided for social enterprise in the literature review. There are many definitions for social enterprise, so a definition that would serve as a guide to conducting this research had to be developed.

A further limitation is any bias this researcher may have accrued over two decades working in as a social enterprise practitioner, which may have influenced what data was collected, and the interpretation of the results.

This researcher worked on two previous research projects about social enterprise in the five years before this study, and the resulting publications were both used as a starting point for this research. Throughout this document, learning from this previous work is illuminated, as it pertains to understanding the results of this research and the role it plays for rural and remote municipalities cultivating social enterprise development.

Following this introductory chapter is a literature review providing a history of social enterprise development in Europe, North America, Canada and Ontario, as well as an overview of the role of nonprofit organizations in social enterprise development in Ontario, current thinking about place based policy, and federal, provincial and municipal governments roles.

Chapter 3 provides a detailed summary of the phases of the case study methodology used in this research.
Chapter 4 is based on the second phase research findings, and includes eight social enterprise case studies narratives which describe the social enterprise, the community it serves, its background and history, its resourcing, the challenges and successes it has faced, and its outcomes and enabling policies. At the end of each case study the lessons learned are detailed, so that can be used by other social enterprises. The final section lays out effective practices for municipalities as practitioners and intermediaries in social enterprise development, as gleaned from the case studies.

Chapter 5 is based on both phases of the research, and uses the original research objectives as a framework for determining, and for reporting, what was learned.

Chapter 6 provides a discussion about the definition of social enterprise, what municipalities are doing to support municipal and non-profit social enterprise, how policies create difficulties for rural and remote social enterprise development, and the importance of place. It also describes the effect of the current context on rural and remote social enterprise development.

Chapter 7 provides recommendations for a framework of practice and policy supports for rural and remote social enterprise, focusing on how municipalities can maintain and enhance ecosystem vitality.
Chapter 2: Literature Review

2.1 Introduction

Social enterprises, for the purpose of this research, are businesses operated or owned by nonprofit organizations to achieve both economic and environmental, cultural and/or social outcomes. The history of the social enterprise movement, and its strong and necessary relationship with the nonprofit sector – particularly in Ontario – forms a basis for understanding social enterprise: its reasons for existing, its idiosyncrasies, and its intent of improving community outcomes.

Following an historical overview, this literature review presents current thinking on the history of social enterprise development, on place-based rural policy, on the emerging theories behind rural policy, and on the practice of policy development and implementation in rural contexts. Finally, it sets the stage for the results of the inquiry into the role of rural municipalities as intermediaries in social enterprise development.

Within Canada, and around the globe, social enterprises are leading a successful economic transition as rural communities grapple with changing economic needs, loss of jobs in agricultural and manufacturing, and a demographic decline relative to the overall population. Social enterprise intermediaries are organizations or networks that connect people, ideas and resources, and which create the conditions for successful social enterprise development. The results of the research presented here will demonstrate how social enterprises in rural and northern Ontario make use of the role that rural municipalities can play as intermediaries and practitioners in the social economy.
Social enterprises enable municipalities and rural nonprofit organizations to earn revenue with which to retain and expand employment opportunities, maintaining and increasing important economic, cultural, environmental and social assets. By reacting to local concerns, local values, and local history, rural and remote governments are uniquely positioned to aid in developing and maintaining social enterprise activity that can resonate at a community level, and leads to a vibrant and resilient social economy. Rural municipalities often share certain structural characteristics, such as elected board members and financial vulnerability, with social enterprises, nonprofits and charities, but carry greater legitimacy in the community, as democratically elected political representatives of their constituents.

Based on the literature reviewed, and the personal practice of the researcher as a consultant in the social enterprise field for the past 20 years, municipalities may be identified as collaborative leaders in the place-based development of rural social enterprises. However, there is little research highlighting the effective practices currently in use, or practices that could be replicated to better stimulate and support rural social enterprise development. This literature review places social enterprise in the context of social economy interventions as a local phenomenon, but also within the specific understanding of rural policy, rural opportunities, and rural challenges.

2.2 Canada’s changing rural context

Since the 1970s, Canada’s economy has been fundamentally changed by the increase in economic globalization, the development of free trade and the rise of neoliberalism (Staglitz, 2017). These changes required shifts in macro-level structures, but also in our common understanding of the economy. Place-based policies that seek to help communities and regions enhance and retain their assets, and make them attractive to investment, are being explored (Markey, Halseth and Manson, 2012). In response to a focus on attracting outside investment, and competition between regions, there has
concurrently been a shift towards place-based policy that, as reflected by Bradford, suggests that “policy interventions must increasingly work from the ground up to generate solutions rooted in particular concerns of local communities” (Bradford, 2008, p. 1). Bradford goes further in delineating a policy model more attentive to local needs, claiming that:

To achieve economic innovation, social and cultural inclusion and ecological sustainability, national governments must engage local government networks; Governments need a spatially sensitive perspective to inform policies; a perspective that is sensitive to local voices and promotes municipal and community assets. (Bradford, 2008, p. 2)

Bradford’s push for responsive government and engaged local communities speaks to an evolving understanding of the needs of local communities, and to the reflection of those needs in the policy-making realms.

The rise of neoliberalism has had a dramatic impact on local economies and communities, and specific problems facing rural communities in pursuing economic and social development in its aftermath have been documented. These include poor youth retention, deterioration of services, unacceptable health outcomes, and shrinking economies and communities, but clear solutions remain elusive (Atherton and Hannon, 2006, p. 49). Woods (2006) describes the history of rural discourse and policy as limited to issues of “industry,” where agriculture and its supports provided social and cultural strength for rural communities (pp. 581–582). While rural policy has historically been synonymous with agricultural policy, the two have gradually decoupled. Woods maintains that rural communities and regions continue to grapple with significant changes stemming from lost or changing industries, including:

- The decreasing significance of agriculture;
Growing agro/environmental concerns;
A counter-urbanization movement that has seen migration into rural areas; and
The disillusionment of small farmers threatened by the dismantling of supports and subsidies (Woods, 2006, p. 582–583).

These difficulties have been exacerbated by changes, challenges and declines in both the manufacturing (Leach, 2013) and natural resources sectors (Bullock, 2013); both sectors play significant roles in the rural Canadian – and rural Ontario – economies.

Globally and nationally, a push for neoliberal governance has continued for decades, with the resulting agenda trickling down into municipal and local realities. The increasingly entrenched global and national neoliberal ideology has resulted in numerous iterations of this ideology in municipal and local contexts over the past few decades.

As rural communities grapple with the changes that the neoliberal model has made, changing service models and decreased state support for community initiatives have resulted in an environment that motivates interest in social enterprise. Where governments no longer provide services needed in communities, community organizations have taken up the slack, and are now pursuing a range of strategies to fill this service delivery gap. Phillips and Hebb corroborate this conclusion in their 2010 journal article:

Civil society organizations (non-profits, social enterprises, voluntary, community and charitable organizations) are not only an integral part of the delivery of health, education, social, and other services in most developed countries, but also critical contributors to a healthy democracy and a strong economy. How civil society organizations are financed is a key aspect of their sustainability. Such financing is undergoing significant innovation and transformation. This financing
ranges from traditional government funding and philanthropic support to new forms of revenue-generating social enterprises. (p. 1)

The Ontario Non-profit Network (2015) notes that “over 45% of revenues for the 55,000 non-profits in Ontario comes from earned income.” The ONN focuses on non-profit social enterprises as “a bedrock of community stability” that has “the potential to address growing inequality in communities and play a major role in building community assets and resiliency.” It further claims that these enterprise activities are “not just about running a business [but] about generating revenue to strengthen communities.” The ONN also argues that “the way we define success must include ‘top up’ social enterprises that cover sometimes 50–90% of their costs but need a baseline of government funding to flourish.” (ONN, 2015, p. 2)

As Teasdale and Dey (2013) suggest, “welfare is no longer provided directly and unconditionally but transmitted through various programs and policies which aim at activating the people while shifting the previous responsibilities of the state onto the individual” (Teasdale and Dey, 2013, p. 3–4). This objective is coupled with “the promotion of competition, entrepreneurship, flexibility and individual responsibility as crucial ingredients for generating action-orientation on the part of the individuals and communities being governed” (Teasdale and Dey, 2013, p. 4). Here, Teasdale and Dey directly link the activation of the third sector, and social enterprise in particular, to the “neoliberal agenda.” This movement, it is hoped, engenders third sector organizations that are more “market-driven, client-driven, and self-sufficient” (Teasdale and Dey, 2013, p. 6, citing Tracy, Phillips and Haugh, 2005, p. 355).

This emerging change in third sector organizations exists across Canada: in urban, peri-urban, rural, and remote regions. The neoliberal influence is a backdrop to the social enterprise movement in general, and important to the rural context. Within rural communities, economic and social challenges are in some ways unique, creating
specific needs that are far different from those of urban areas, requiring “made-for-rural” solutions (Warren-Smith and Jackson; 2004). Elson and Hall (2010) support this claim with rural social enterprise research which determined that rural social enterprises are especially active in fulfilling “cultural” missions, with half of all small town or rural social enterprises focusing on this type of activity (Elson and Hall, 2010). Further, and perhaps unsurprisingly, “social enterprises in small towns and rural areas are smaller than those in major urban centers,” and the activities of social enterprises in rural locations are far more diverse than in the urban context (Elson and Hall, 2010, p. 14).

Not only are rural social enterprises smaller and more diverse, they also play a role in accessing and serving traditionally deprived communities that may be marginalized by geography. In the UK, research has shown that “39% of social enterprises are located in the most deprived communities … compared to 13% of ordinary businesses” (Social Enterprise UK, 2012, p. 15). Social Enterprise UK asserts that social enterprise models are specifically applicable and useful to areas and communities struggling with economic hardship. Along with fulfilling the need for economic development, Social Enterprise UK has determined that social enterprises are commonly used to address social exclusion, and that social enterprises play an important role in community development generally (Social Enterprise UK, 2012, pp.16–17).

Community Economic Development (CED) is action by people locally to create economic opportunities that improve social conditions, particularly for those who are most disadvantaged. CED is an approach that recognizes that economic, environmental and social challenges are interdependent, complex and ever-changing. To be effective, solutions must be rooted in local knowledge and led by community members. CED promotes holistic approaches, addressing individual, community and regional levels, recognizing that these levels are interconnected.
This researcher sees social enterprise as a type of community economic development that uses the principles of CED to guide decision making.

Despite the applicability of social enterprise models to rural locations, and their usefulness in addressing rural needs, there is evidence that social enterprise development in rural areas can be both helped and hindered by the attitudes and attributes of rural communities. On the one hand, Steinerowski and Stenerowska-Streb (2012) identify a rural “culture of self-help,” and the “opportunities for delivering services” in market gaps as opportunities for social enterprise to thrive. Accordingly, they show that the capacity of rural people to accurately identify their own community needs, and the small scale, flexible nature of social enterprise are factors that potentially enable or contribute to rural social enterprise success (Steinerowski and Stenerowska-Streb, 2012, pp. 173–174). On the other hand rural places routinely suffer from geographic isolation, a relative lack of a well-trained social enterprise workforce, and a small market size. These drive costs up, and place significant limits on enterprise scale and revenue (Steinerowski and Stenerowska-Streb, 2012, pp. 174–175). Further, the need to avoid conflict with existing local businesses makes it imperative that new ventures provide something “unique” and currently unavailable in the community. However, in most – if not all – rural communities, “tailored” funding sources remain scarce (Steinerowski and Stenerowska-Streb, 2012, pp. 175–176). Programs that require matching funding are difficult for smaller municipalities and non profits to access because there are not surpluses that allow this.

2.3 History of social enterprise development

Though the term “social enterprise” is relatively new, social enterprise activities are not; they have roots in Europe dating back hundreds of years. Early examples of enterprises...
that have a social aim include the artists’ and crafters’ guilds that have existed for centuries: “The Fenwick Weavers’ Association in Scotland dated from 1769 and is generally considered the first co-op ever created. Before that, European artists’ guilds of the early Renaissance approximated co-ops and the ancient Chinese had co-operatively organized memorial societies”. Today, in Ontario the co-operative sector “injects $3.3 billion into household income and is responsible for providing more than 57,000 jobs (full-time equivalents). Ontario co-ops pay more than $1.3 billion in taxes annually” (Ontario Co-Operative Association website 2018).

The Kingston Public Market was established in Ontario in 1780 as a mission-based enterprise (Lang, 2016a). In rural Ontario, agricultural societies began with a provincial act in the 18th century. These examples all show how individuals and groups have come together to create income-generating opportunities that support their personal and communal needs.

Although these types of activities have recently been grouped under the social enterprise banner, and despite the fact that many organizations engaging in social enterprise are not aware of the term, or of how it fits their activities, it is clear that the practices customarily termed as social enterprise are not radically different from practices used by individuals and communities throughout history in the pursuit of the public good. In general, the “definitions” of social enterprise itself remain “unclear” (De Mello, 2013, p. 4). This is true in Ontario and Canada, and even more broadly in that there are various perceptions of its meaning and implications. Poirier (2013) exhaustively documents and attempts to define both the overlap and distinguishing features of fourteen terms used in relation to “solidarity” or “social” economic activities. The terms discussed include: “social economy, solidarity economy, social solidarity economy, social enterprise, social entrepreneur, social business, nonprofit enterprise, third sector, fourth sector, popular economy, local development, community economic
development, community development, and people’s centered development” (Poirier, 2013, p. 1).

To complicate the matter further, in many cases “social enterprises do not self-identify as such. They regard themselves as primarily voluntary organizations and not for profit organizations” (Herfordshire Partnership, 2005, p. 3). This poses a further challenge in researching social enterprise and understanding the true breadth of its use. The actual term is first documented as being used “in English speaking countries (UK and USA) in the early [19]90s” (Poirier, 2013, p. 7). In Canada, the Canadian CED Network (CCEDNET) positions social enterprise within the “social and solidarity economy” (SSE). This broader categorization, within which social enterprise is nested, refers to “organizations that have explicit economic, social and often environmental objectives, and involve various forms of cooperation and solidarity” (CCEDNET, 2013, p. 5). Interestingly, CCEDNET clearly states that the SSE has formed not from proactive activities, or as a result of opportunities, but rather as “response to social, economic and environmental crises and contexts of vulnerability” (CCEDNET, 2013, p. 6). In both the international and national contexts, a clear definition of social enterprise is wanting.

With the relatively recent emergence of social enterprise as an area of interest and pursuit, there has been a concomitant blurring of its definition by organizations that want to enjoy the benefits of social enterprise without actually understanding what it is, while still receiving support. Social enterprise is an area where researchers have found “tactical mimicry;” organizations which mimic “the discourse of social enterprise in order to gain access to important resources such as money or status.” This mimicry, it seems,

---

1 The link to this reference is no longer active. The document was accessed a number of months ago and continues to be relevant. Retrieved from http://www.worcestershire.gov.uk/cms/pdf/Worc%20Social%20enterprise.pdf, Dec. 18, 2013.
may actually be a benefit to the movement, as Teasdale and Dey suggest that it “might qualify as a productive form of resistance on the condition that the advantages gained from mimicking government stipulations are used to advance collective and not just selfish ends” (Teasdale and Dey, 2013, p. 3). Regardless, social enterprise terminology is complex and evolving, and the use of words associated with it is still an area of debate.

Although a succinct and codified definition of social enterprise has yet to emerge in Ontario, the basic understanding that such a definition would be helpful may be supported through an analysis of “club good” theory. Club goods may be defined as “impure public goods,” in that their benefits apply roughly equally to all members of a group (club), but not the general public: some form of membership regulation is necessary. In economic literature, this concept has been applied to efforts to create voluntary regulatory systems that transcend, or add on to, existing government regulations, especially in industries and sectors operating in numerous jurisdictions, and with significant environmental impacts (citing Potoski and Prakash, 2009; Zeyen, Beckman and Wolters, 2016; Pigou, 1960; Tibout, 1956; Wiseman, 1957). Club goods for corporations may be made available through multi-stakeholder initiatives (MSIs) with the intention of “signaling” specific types of corporate virtue to consumers or other stakeholders in order to secure reputation based benefits, and to “compensate [for] governance gaps” in addressing wide ranging issues (Zeyen et al., 2016, p. 135). Where and as “stakeholders want to encourage firms to produce social externalities beyond legal requirements, they need low-cost mechanisms to identify virtuous firms and focus their rewards only on them” (Potoski and Prakash, 2009, p. 18). Thus MSIs, as a type of club, provide their members with a “good” in terms of permitting access to a clear “label of virtue,” or branding asset, that non-club members cannot access.

Social enterprise in Ontario, however, has not yet established a “club” in this way. The ease with which any market actor can claim to be a social enterprise demonstrates that
without any governing body, public or private, it is not possible for stakeholders to easily discern good actors from shirkers who are taking “advantage of a reputation for being socially responsible without incurring the costs of producing positive social externalities” (Potoski and Prakash, 2009, p. 23). Of course, shirking may be present even in MSIs that are relatively stringent and well-enforced. Increasing the level of stringency and enforcement is by no means the best way to increase the social impact of a given initiative. Low stringency and enforcement will mean lower membership “costs,” and thus potentially greater social externalities through greater membership. Conversely, lenient standards come with a risk of “adverse selection problems because firms with superior social performance … would not want to subsidize or identify with laggards” (Potoski and Prakash, 2009, p. 25). Currently, identification as a social enterprise in Ontario may permit access to a “club good” allowing low-cost signaling of social virtue to a number of different stakeholder groups. Yet the value of this signaling is limited by the relative lack of any regulatory framework, whether government-mandated or collectively developed through an MSI initiative.

Enterprise Non-profits (2015) in British Columbia provides the following definitions on its website:

- Social enterprises are businesses owned by non-profit organizations, that are directly involved in the production and/or selling of goods and services for the blended purpose of generating income and achieving social, cultural, and/or environmental aims. Social enterprises are one more tool for non-profits to use to meet their mission to contribute to healthy communities. —Social Enterprise Council of Canada
- Social enterprises are businesses whose primary purpose is the common good. They use the methods and
disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas. —Social Enterprise Alliance, USA

- A social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its ‘social mission’: which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it. It will bring in most or all of its income through selling goods or services. And it will also have clear rules about what it does with its profits, reinvesting these to further the “social mission.” —Social Enterprise, UK

- A social enterprise is an organization that applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders. Social enterprises can be structured as a for-profit or non-profit, and may take the form of a co-operative, mutual organization, a social business, or a charity organization. —Wikipedia

(Enterprise Non-profits, 2015)

The Toronto Enterprise Fund (2017) uses yet another definition: “A social enterprise is a business operated by a charity or nonprofit organization that sells goods and/or services in the market place, for the dual purpose of generating income and achieving a social, cultural and/or environmental mission.” (Enterprise Non-profits, 2015).

Ontario Nonprofit Network’s (2014, p. 12) current definition is “social enterprises are those enterprises that provide a social good while generating income to undertake their work.”
The Social Enterprise Unit, Commercialization & Scale-Ups Division, Ministry of Economic Development and Growth uses the following definitions: “Social enterprises use business strategies to achieve a social or environmental mission…. Social enterprises may take the form of enterprising not-for-profit organizations, social-purpose co-operatives, or for-profit corporations with a social mission” (Ontario Ministry of Economic Development Growth, 2017).

Without a current clear and unified definition, particularly with regard to the role of non-profit and for-profit business models, organizations and individuals are bound to have significantly divergent understandings of their own social enterprise activity; social enterprise is clearly an emerging field requiring definition and agreement on terms. With increased understanding of social enterprise, its use, and the types of initiatives it encapsulates, there is the potential for a strengthened movement for, and shared commitment to, ensuring it is supported to achieve its goals. Social enterprise is strongly attached to the idea of the social economy, “that part of the economy that is not driven by profit” (Loxley and Simpson, 2007, p. 1). Shifts in the economy in the late twentieth century, largely stemming from neoliberal forces, have increased the importance of the social economy and have expanded the need for "social entrepreneurs," or leaders with enterprises that have a social, cultural, or environmental mission. Social entrepreneurs, as a specific type of community leader, continue to play a prominent role in economies across the globe, by starting and operating social enterprises in communities and regions in need of economic and social revitalization (Lang et al., 2016b).

Clearly, in order to adequately research and explain the phenomenon of social enterprise, it is important to define it. Social enterprises may be defined as businesses operated to achieve social, cultural, environmental and economic aims. In addition, for the purposes of this research, social enterprise will include only social enterprises that are run or owned by nonprofit, charitable organizations, collectives and/or public
institutions. Within this more limited definition, there are at least four general types of nonprofit social enterprises. These include those that focus on human development (providing accommodating employment for people), and/or are mission-driven and offer services or goods that align with their mission (for example a municipality offering fee-for-service recreation opportunities), and/or are earned-revenue-driven (operate a business to use the profits for mission-related work); and / or are co-operatives (Ferguson and Murray, 2007).

Recent conceptions of social enterprise that embrace the areas of interest for this research seem to have emerged originally in Britain in the early 1990s (Mawson, 2010). At the time, the British Labour Party government in the post-Thatcher devolution era struggled to address the complex effects of economic globalization. It was proposed that responsibility for this problem be transferred to the third, or not-for-profit, sector, which could form social enterprises to meet community needs through customized local policy initiatives and partnerships.

Subsequently, other initiatives in Europe emerged to support social enterprise development:

- The Scottish government implemented a policy that gave preference to social enterprises in certain procurement fields;
- A 2005 legislative decision in the UK allowed social enterprises to acquire profit-making status with asset locks;
- The German government partnered with social enterprises to create jobs in recycling and social services;
- The Belgian government focused on training and partnerships with social enterprises;

These 4 types of social enterprise were defined by this researcher and her colleague in 2007 and have been used in training about social enterprise in our work ever since.
● The Dutch government partnered with the non-profit sector to provide care to elderly people;
● The European Union, in recognition of the increasing importance of social enterprises, started providing funding for research focused on the social economy (Nova Scotia Social Enterprise Working Group, 2011).

Scotland, in particular, is internationally regarded as having a very supportive policy environment. Research into specific trends in Scotland provides an intriguing and useful view of the definition of social enterprise and the policy context as it evolves.

Roy, MacLeod, Baglioni and Sinclair (2014) studied the particular “evolution of this institutional architecture and support” in Scotland and attempt to find the “critical pathways and significant junctures that have shaped the development of innovative policies aimed at addressing social exclusion in Scotland” (Roy, MacLeod, et al., 2014, p. 5).

Roy et al. provide the following as a general definition: “a social enterprise is an organization involved in selling goods or services primarily driven by an interest in having a positive social impact rather than making a profit” (Roy, MacLeod, et al., 2014, p. 6). Social Entrepreneurs Network for Scotland (SENSCOT, 2013) has developed numerous operational criteria and shared values, or behaviours that provide a code of conduct for social entrepreneurs in Scotland. The authors track the development of the “Scottish Definition,” discussing its emergence “in response to concerns that the term ‘social enterprise’ was being co-opted to legitimize neoliberal policies of the UK coalition government” (SENSCOT, 2013, p. 9, citing Demarcó, 2012; Roy et al., 2014). That is, that the term social enterprise could be used as a “smokescreen for privatization,” especially in the health services sector (SENSCOT, 2013, p. 9).
The authors touch also on the history of the term enterprise as it related to Thatcherism, and other political terminology developments since the 1990s. They suggest that “opinions on the importance of clarifying the terminology of SE in Scotland vary” relative to individuals’ positions within the sector (SENSCOT, 2013, pp.9–10). Practitioners appear to focus more on “practical issues and grassroots delivery,” while many academics “take a broader perspective and use their understanding of the SE sector as a whole and trends within it to unravel terminological complexities” (SENSCOT, 2013, p. 10–11).

Roy et al. posit that the continued confusion as to the standard definition arises also from the continual evolution of the “notion of the social economy itself” (SENSCOT, 2013, p. 11). They quote Jones and Keogh (2006), who propose that “not for profit” may be misleading, and that instead “more than profit” would allow “traditional charitable organizations and those more reliant on public funding than trading” to retain the not-for-profit label. They conclude that “Scotland is characterized by a highly developed and complex array of support institutions developed over many years, and a significant and explicit commitment of support for SE from the government” (Jones and Keogh, 2006, p. 41).

For Scotland, the development of social enterprise has encompassed the transfer or sale of significant real assets in terms of “fixed property such as land, buildings, and related rights” including major energy installations totaling no fewer than “75,891 assets” owned by “2,718 community-controlled organizations,” collectively valued at over 1.45 billion British pounds (Black, 2012, p. i). Over the past twenty years, at least 315 assets became community-owned during a “rapid growth in the number of acquisitions completed in the lead up to the launch of the first Scottish Land Fund in 2001 and the enactment of the Land Reform (Scotland) Act 2003” (Black, 2012, p. i).
Skerrat (2011) provides a broader description of the policy context for Scottish community land trusts, going back to the “historic Stornoway Trust in 1923,” through to the “UK Conservative government’s handover of its crofting estates to local communities in 1990,” and the re-establishment of Scottish Parliament and the subsequent Land Reform Act (Scotland) in 2003 (Skerrat, 2011, pp. 3–4).

Further, community assets in Scotland are predominantly found in remote and rural areas. These areas, home to a mere 6.5% of the population, possess two-thirds of all community-owned assets, while urban areas possess only 5% (Skerrat, 2011, p. ii). Chapman and Weaver (2016), in addition to pointing out that community ownership has increased “as a response to the policy environment” are also clear in their opinion that “many of these assets have been acquired because the opportunity arose, rather than the opportunity was being sought by the community” (Chapman and Weaver, 2016, p. 3, citing Reid, 2015, and Chapman and Weaver, 2016., p. 5 citing Black, 2012 and Skerrat, 2011). Increasingly, Chapman and Weaver are concerned that communities are “almost competing with one another to get a funding application together so that their [mixed-use project] … is the first to get up and running and therefore have a greater chance of success” (Chapman and Weaver, 2016., p. 7). They further comment on the “high expectations” placed on volunteer boards, the risks of “mission drift, breaching of their [own] rules, and cross trading between a trading arm and parent charity,” which suggests that “when presented with the same scenario and costs for a project, and asked how much they would apply for if going for a grant or how much if they were bidding for a contract, groups will come up with drastically different figures” on the assumption that it was best to apply for as large a grant as possible (Chapman and Weaver, 2016., pp. 8–9).

Clark, Southern and Beer (2007) have applied a more theoretical lens to what they call the “new institutionalism” inherent in recent moves toward rural community ownership and empowerment. They find the nexus of recent change as emerging from New
Labour’s “localization” discourse (Clark et al., 2007, p. 255) and manifesting in “four main activities: the development of a new legal and regulatory framework (community interest companies); the opening-up of procurement processes in central and local government; business advice and training; and ensuring that appropriate finance is available to enable social and community enterprises to invest and grow” (Clark et al., 2007, p. 256). The success of these activities in their local contexts are further inflected by “five contextual factors that are likely to impact on the effectiveness of such involvement: physical geography and local environment; the extent and complexity of regeneration programmes and agencies in the area; the nature of human and social capital and social exclusion; the strength of the local voluntary and community infrastructure; and the nature of local political relationships” (Clark et al., 2007, p. 257). The authors note that “politics of place” are important, including the role of development trusts as political organizations. Further, “‘organising from below’ … [is] likely to depend as much upon the process as upon the content of institutional design.” Finally, they attempt to maintain sensitivity to the local conditions, most especially the “initial endowment” and “existing capacities” that allow change to take place (Clark et al., 2007, p. 258).

With the last twenty or thirty years showing an increasing momentum toward the recognition and creation of land trusts, Skerrat (2011) has asked key land trust stakeholders for “main policy messages for the new government.” In response, the land trusts focused on the reinstatement of the Scottish Land Fund as the critical “financial means to buy” (Skerrat, 2011, p. 10). Other specific legislative recommendations are also listed, in addition to a more general “requirement for recognition that community land trusts do deliver,” and a call for improved “processes of community accountability” to recognize the extended time scales, the “realities of delivering projects on the ground,” and to revisit the “definitions of sustainable communities” (Skerrat, 2011, p. 10). These responses indicate that while the scale of community holdings in Scotland is
considerable, the policy context in which they operate is ever-changing in ways that may either encourage or discourage their continued development and sustainability.

In light of the evolution of the social enterprise field in Scotland and across Europe, Neumeier (2011) developed the case for social innovation in rural development. His examples of coordinated social development in Austria and Germany showed the emergence of clear social innovations. Yet according to Neumeier, innovation in regional development remains under-evaluated and under-researched (Neumeier, 2011), leading him to insist on an “actor-oriented approach” to the study of social innovations (Neumeier, 2011, p. 63) wherein the creation of social enterprise and the act of social development are researched through the actors involved.

In further research in this realm, Neumeier et al. (2011, p. 179) conclude that policies regarding economic development should consider the many local factors in any given region. They contend that both barriers to, and promoters of, rural social enterprise will have very local characteristics. Likewise, they describe remote and rural areas as “microstructures” that are found within broader social structures and yet possess area-specific resources and rules. This concept is helpful for our understanding of the diversity of Ontario’s rural communities in that the dynamics of place-based development are front and centre in policies focused on economic development.

There is no clear-cut path to success for social enterprises, largely because regional and local conditions have an extremely strong influence on the development of the social economy and social enterprise. Indeed, social enterprises are often created through a process of improvisation and patching together of motivations and abilities. For example, social enterprises in the food sector must often act as “bricoleurs,” or “tinkerers,” by necessity leveraging all available resources in creative ways. The bricoleur is seen to “make do,” but also to refuse to be constrained by limited resources (Saldanha, 2013, p. 34). Further, social enterprises must be willing to improvise in order
to survive, for often the funding and economic context is changing around them and requiring constant re-evaluation and re-orientation for success. By necessity, successful social enterprises are thus united by a deep commitment to success combined with a flexible, creative attitude toward the real material circumstances of social enterprise building and maintenance. It is thus no surprise that “approximately a third of [social enterprises] in the UK trade with the general public as their main source of income” (Villeneuve-Smith and Chung, 2013, pp. 7, 25), as the businesses are tailored to provide benefit to members of the general public, and are thus less likely to be oriented towards providing services to other businesses or institutions.

Not only are social enterprises uniquely positioned to react and create based on outside influences, but they also take much more momentum to establish in the beginning. Villeneuve-Smith and Chung (2013) found that social enterprises currently take “three times the start-up time ... of traditional small and medium enterprises (SMEs)” (Villeneuve-Smith and Chung, 2013, pp. 7, 15). They take more time and energy to build, and are also more often operating in healthcare sectors or social service, and more likely to be operating in education (Villeneuve-Smith and Chung, 2013, pp. 7, 18), which in turn provide unique challenges in requiring effective human interaction at a number of levels. Villeneuve-Smith and Chung (2013) also found social enterprises to be more likely than other small businesses to be operating in “deprived communities,” and more likely to be “led by women” or minority ethnic groups (Villeneuve-Smith and Chung, 2013, pp. 7, 17, 38). This research is compelling, for it shows both an orientation of social enterprises towards operating in sectors where traditional businesses do not, and a relationship between traditionally marginalized groups engaging in social enterprise activities as leaders, while also benefiting from social enterprise activities more frequently.

Through its history, social enterprise has emerged as an activity, as a concept, and as a term. It is clear that it represents a diversity of opinions and orientations. At root it is
offering a uniting idea for organizations, businesses, and individuals engaging with the economy in new ways, and with the intent of bettering society. With this international perspective, the context of social enterprise development in Canada can be more easily understood.

2.4 Social Enterprise Development in North America

In 2009, Mendell (2009) provided a “broad overview of social enterprise in the North American context” (Mendell, 2009, p. 2). In particular, the author claims that the “North American model of social enterprise, or more specifically the American model, is very influential” (Mendell, 2009, p. 3). This claim is supported by an attempt to situate this model in its historical and institutional contexts. This is done primarily to address the “concern that an American model of social enterprise is being adopted universally” (Mendell, 2009, p. 3).

Mendell begins her “temporal and institutional” positioning of social enterprise by referring to the work of the Aspen Institute. She charges that the “continuum” of social enterprise strategies documented by Aspen exposes “two potentially conflicting processes” (Mendell, 2009, p. 5). While “social enterprises challenge the conventional wisdom that considers these initiatives as a response to market failure located at the margins of the economy,” it may still be the fact that “the pressure on non-profits to develop commercial, revenue-generating activities to be able to meet their social objectives, is reversing the approach of many earlier socio-economic initiatives … that outlined the need to re-embed the market … to make economic instruments more responsive to the needs of communities” (Mendell, 2009, p. 5).

Mendell also cautions that “social entrepreneurship and social enterprise are often decontextualized,” but finds that the American academy is focusing more on the contemporary theory and practice of social enterprise “most often funded by major
foundations or leaders in the business community, demonstrating [its] broad appeal as a social business model” (Mendell, 2009, p. 5). She claims that this movement may be framed as part of a larger movement calling for greater private sector accountability, which is related also to the emergence of a “new class of philanthropists and a new and more strategic approach to philanthropy” (Mendell, 2009, p. 6). She points out that in the U.S., “foundations are playing [a significant role] in shaping the contours of social enterprise … through their financial capacity to influence the nature, scope and objectives of these enterprises and through their political capacity to influence new policy design”. For countries without a “tradition of numerous large and wealthy foundations, their role cannot be emulated” (Mendell, 2009, p. 7).

Mendell finds also that “a uniform typology does not yet exist”. Citing the work of Kim Alter, emphasizing the “current public visibility and appeal” (Mendell, 2009, p. 7) as the key feature of the newer social movement, she lays out the evolution of social enterprise activities since the 1960s (Mendell, 2009, p. 8). Of particular interest to the author is the definition in 1996, “long before the current interest in social enterprise,” of the Roberts Foundation Homeless Economic Development Fund of social enterprise as “a revenue generating venture founded to create economic opportunities for very low income individuals, while simultaneously operating with reference to the financial bottom line” (Mendell, 2009, p. 8, citing Alter, 2007).

Mendell further points to the emergence of significant new foundations that have used “several means to support [their] initiatives both directly with finance capital and indirectly through university programs, the internet, and other forms of media.” This is producing “the direct influence on this agenda by a small and powerful group of very wealthy individuals” (Mendell, 2009, p. 9).

The scale of social enterprise activity in the US is significant as shown by the A. T. Kearney Social Enterprise Accelerator “Social businesses are … outperforming the
small and medium-sized enterprise (SME) segment—proportionally almost a third more social enterprises than SMEs increased their revenues in 2012 … In the United States, estimates suggest that social businesses employ more than 10 million people and generate annual revenues of $500 billion … This equates to an enormous 3 to 5 percent of total GDP—double the size of the mining industry.” (A. T Kearney, 2015)

2.5 Social Enterprise Development in Canada

In general, social enterprise as a practice and concept has emerged in Canada in concert with its emergence internationally. Canada, however, does exhibit an emergence of social enterprise through specific actors and dedicated attention within certain provinces. Before exploring the social enterprise context and emergence in the Canadian province, Ontario, this section first discusses the national role of the Canadian Community Economic Development Network (CCEDNET) as a significant intermediary. Next, extraordinary efforts in Quebec and Manitoba are considered, where governmental collaboration and dedicated research have provided a supportive environment and the ability to stimulate and track some of the work in the social enterprise sector in a more unified way.

The social gospel, social democracy, and co-operative movements have all played a role in the emergence of the social economy in Canada (Ferguson and Lang, 2013) in that these movements all represent a commitment to collective work. The rich history of community-based social enterprise development in Canada has been largely stimulated and expanded through community economic development initiatives. CCEDNET, which began in the early 1990s, has provided opportunities for networking and sharing of effective practices in social enterprise development through conferences and network development activities. CCEDNET has a broader focus than social enterprise, in that it is a national association of organizations and individuals across Canada “committed to
strengthening communities by creating economic opportunities that enhance social and environmental conditions” (CCEDNET, 2013 What is CED). Though not specifically rural in focus, CCEDNET has played a critical role in connecting Canadian social enterprises. CCEDNET has been instrumental in determining how social enterprise as a concept and practice has come to be understood and applied in the Canadian context.

Mendell (2009) asserts that “the Canadian heritage of social citizenship [emphasis in original] has deep roots, distinguishing it from the United States" to the extent that Canada has largely resisted the “privatization of public services" (Mendell 2009, p. 13). Citing Johnson (2000), the author finds “less enthusiasm about social entrepreneurship,” “resistance by the business community,” and an “important overlap with community economic development strategies and practices that blur the distinction between these more integrated and collective approaches and the current advocacy for social entrepreneurship in Canada” (Mendell 2009, pp. 13–14). She attempts to define a particularly Canadian “embedded social enterprise model” (Mendell 2009, p. 14).

The history of this model is traced back to New Dawn Enterprises in Cape Breton, which “established numerous place-based integrated initiatives and enabling economic instruments, including real estate, financial and commercial activities, training and social services” (Mendell 2009, p. 15, citing New Dawn). The emphasis in this model, the author claims, is on “community self-reliance,” in a way that is “more closely tied to a community or a collective approach to socio-economic innovation” than in the U.S.

Just as there has been support for the emerging concept of social enterprise from the non-profit side, the federal government has also played a role. During Brian Mulroney’s tenure as prime minister from 1984 to 1993, the Canadian federal government assessed commitment to social enterprise development and intended to fund provincially-based practice hubs and research hubs as a multi-year demonstration project. Only the research hubs, and not the practice hubs, received funding. The
research hubs have been researching and mapping the social enterprise sector, with work completed in British Columbia, Alberta, Manitoba, Nova Scotia, and Ontario. These mapping exercises make clear that this is an active and growing sector and those Canadian social enterprise activities are largely locally or regionally based. The research hubs have provided some continuity, and have the potential to support further developments in policy-making with the evidence they have been gathering.

In spite of diminishing federal support for social enterprise, two provinces, Manitoba and Quebec, have separately co-created social enterprise policy frameworks with practitioners, researchers and government representatives.

In the case of Quebec, Mendell and Neamtan (2010) discuss the social economy history and context of Quebec, with special attention to developments over the past thirty years or so. Their claim that the social economy makes up “an integral part of Quebec’s social and economic history” is based on the assertion that “What distinguishes the social economy in Quebec … is its broad reach, which extends beyond … collective enterprises to include social movements and territorial intermediaries that identify themselves as part of the social economy.” They focus their inquiry further on the role of the Chantier de l’économie sociale, “a multi-sector and multi-dimensional institutional space that is unique in its diversity and in its units” (Mendell and Neamtan, 2010, p. 63).

Mendell and Neamtan focus on “how the social economy not only challenges the prevailing economic model through its outcomes, but also on the institutional changes that this requires, the processes of re-engaging government in new ways,” and does so by examining the “Quebec experience” where this “has meant establishing spaces for dialogue and working towards collective objectives or in the general interest of the many organizations and movements involved” (Mendell and Neamtan, 2010, pp. 63–64).
Quebec as a “distinct society in North America,” had the Quiet Revolution of the 1960s to establish the “present institutional infrastructure” (Mendell and Neamtan, 2010, p. 64). The uniqueness of this context is found in the “extensive interventions of government in the economy,” including nationalized industries, and the “growth of the labour movement” that resulted in 40% of present-day Quebec workers being unionized (Mendell and Neamtan, 2010, pp. 64–65). The current move toward the social economy, the authors argue, may be traced back to the recession of the 1980s, which “led to a major cultural shift within the labour and community movements in Quebec” (Mendell and Neamtan, 2010, p. 65).

Mendell and Neamtan discuss the formation of Quebec’s Labour Solidarity Investment Fund – most importantly by the Fédération des travailleurs et travailleuses du Quebec, “Quebec’s largest union,” as the “first manifestation of this cultural shift” (Mendell and Neamtan, 2010, pp. 65–66). The shift resulted in a fund that was to provide “development finance,” “obliged by law to invest a minimum of 60% in enterprises in Quebec,” and with “clearly stated goals of profitability, job creation and socio-economic development” (Mendell and Neamtan, 2010, p. 66). Mendell and Neamtan cite, as a more recent intervention in social finance, the 1996 creation of FondAction as the second-largest Quebec union; this fund’s mandate “differs somewhat in that it prioritizes investment in enterprises that practice participatory management, collective ownership, and a commitment to sustainable development” (Mendell and Neamtan, 2010, pp. 66–67).

Parallel to the developments in investment infrastructure are the particular development history and impacts of the Community Economic Development Corporation (CEDC) movement in Quebec. These corporations are framed as “intermediaries” initially designed for the creation of “strategies to revitalize neighbourhoods hard-hit by economic restructuring” (Mendell and Neamtan, 2010, p. 67). The authors argue that these organizations have played a central role in producing a social economy with the
“capacity to work horizontally across numerous sectors and regions involving many social movements in the process” (Mendell and Neamtan, 2010, p. 67).

For Mendell and Neamtan, a key moment in the contemporary history of Quebec’s social economy came at the 1996 Sommet sur l’économie et l’emploi (Mendell and Neamtan, 2010, p. 68). For the first time, a major consultative summit “invited representatives of social movements to participate … and issued a challenge to both the private sector and civil society to propose economic renewal strategies” (Mendell and Neamtan, 2010, p. 68). In preparation for the Summit, a plan entitled “Daring Solidarity” was drawn up, offering “a consensual definition of the social economy, [which] drew attention to the socio-economic contribution of the social economy, and suggested initiatives that would create thousands of jobs, while meeting the social, environmental, and cultural needs of Quebec” (Mendell and Neamtan, 2010, p. 68). The working group responsible for the plan, the Chantier de l’économie sociale, “was given two years to meet the objectives of its action plan,” and when it exceeded its objectives became “an independent non-profit organization to continue to promote and develop the social economy” (Mendell and Neamtan, 2010, p. 68).

The authors discuss how the “co-construction of public policy” and “flexible policy formation” together has established a healthy social economy for Quebec (Mendell and Neamtan, 2010, pp. 70–71). They move on to discuss how “four main categories” of public policies have been “adopted in Quebec to support the growth of the social economy both directly and indirectly” (Mendell and Neamtan, 2010, p. 71). The authors discuss “(a) territorial policies; (b) generic development; (c) sectoral policies; and (d) policies for target populations” (Mendell and Neamtan, 2010, pp. 71–78, citing Downing and Neamtan, 2005).

In their conclusion, the authors once again focus on the ”co-construction of public policy” that is “neither a ‘top-down’ nor a ‘bottom-up’ approach; rather it is a horizontal
and dialogic approach involving many stakeholders in society” (Mendell and Neamtan, 2010, p. 79). While they assert that initial moves in the direction of co-construction, and social economic activity were seen as “pragmatic responses by governments unable to resolve existing socio-economic problems,” the past ten years of the social economy in Quebec “confirms the institutionalization of a process of dialogue and co-construction of public policy” (Mendell and Neamtan, 2010, p. 80).

The impact of the co-construction of public policy led to some very significant work in rural Quebec. The link between social enterprise development and job creation has been well demonstrated in Quebec, which has been part of a larger process of collaboration between the different levels of government. Referred to as a “rural pact,” Quebec saw the alignment of multiple governments for the specific purpose of investing in rural social enterprises:

The 2007–2014 National Rural Policy innovated by creating rural laboratories in Quebec. These rural laboratories are managed by municipalities, development organizations or social economy enterprises. Currently fifteen of the 33 rural laboratories are managed by social economy enterprises, and several focus on citizen mobilization while others focus on technical aspects and new economic sectors … Since 2007, the results of the rural pacts include: 5,011 projects supported; $80 million contributed by the Quebec government, which leveraged $680 million in investment from other entities, including local development investment funds, labour pension funds, grants and traditional private investment; 6,900 jobs created or maintained. (RELIESS, 2012a, p. 1)

Clearly, Quebec has found ways to support the rural social economy and social enterprise development through provincial and regional strategies, with municipalities playing a key role. Its approach has been a unique collaboration that crosses multiple sectors and has resulted in successes for the social enterprise sector. Other provinces, as the literature reveals, have played a role in research and understanding of the sector,
but without the depth of involvement – or the successes – evident in Quebec. The success in Quebec may be attributed to a clear definition of social enterprises as being not-for-profit.

Manitoba, unique among Canadian provinces, has recently developed a policy framework that was co-constructed with CCEDNET. The province now has a “roadmap for sector development,” disposed toward “creating employment opportunities for people who face barriers to employment” (CCEDNET, 2015, p. 3). The “strong foundation” of social enterprises in Manitoba is tied to the All Aboard strategy, “Manitoba’s poverty reduction and social inclusion strategy” (CCEDNET, 2015, p. 6). The Manitoba social enterprise strategy is guided by the Six Pillars of Social Enterprise Development developed in 2008 by the Social Enterprise Council of Canada. The Vision of the strategy is “the creation and support of strong and growing employment-focused social enterprises that provide training and employment opportunities for those who need it most” (CCEDNET, 2015, p. 7). The purpose of the strategy is to “collaboratively create an inventory of concrete and relevant proposals to help accomplish this vision” (CCEDNET, 2015, p. 7).

The strategy document presents a series of illustrations, examples and explanations of government and other initiatives related to each of the Six Pillars. These are further attached to specific recommendations in pursuit of the vision of the strategy. Of particular interest to the current study are recommendations disposed to Pillar #5 – Regulatory Framework. These recommendations would require government policy-makers to support social enterprise in numerous ways, from “considering the … goals … of the strategy in policy and programming,” to the production of a “Community Benefit Act” to support government procurement from social enterprises (CCEDNET, 2015, p. 21).
Both Quebec and Manitoba have produced co-designed frameworks, not official
government policy, for social enterprise development. In both provinces, intermediaries
were involved in the policy framework development process. This approach to policy
development ensures that the framework is grounded in the realities of communities,
practitioners and governments at many levels.

A 2012 study in Manitoba (O'Connor, Elson, Hall, and Reimer) found that two thirds of
social enterprises operate outside major urban areas (O’Conner et al., 2012). It includes
remarks on some of the important differences between urban and rural social
enterprises:

- Gross revenues are higher for urban social enterprises, while rural social
  enterprises return profits that are three times greater than their urban
  counterparts when profits are calculated as a percentage of their total
  revenue (6% in Winnipeg and 19% outside of Winnipeg) (O’Conner et al.,
  2012, p. 46); and
- Rural social enterprises are less likely to receive outside funding when
  compared to urban based social enterprises (O’Conner et al., 2012, p. 59).

From their direct research into the types and successes of Manitoba-based social
enterprises, O’Connor et al. conclude, “It is financially feasible to operate a business
while providing valuable employment or training opportunities and addressing complex
issues like poverty and environmental sustainability” (O’Conner et al., 2012, p. 53). This
statement confirms not only the possibilities inherent in the social enterprise model, but
also captures the potential sustainability of this type of initiative, and its ability to make
significant improvements to employment, social and environmental outcomes within
communities.
In Nova Scotia, the provincial government has directly supported the research undertaken by the Nova Scotia Social Enterprise Working Group. This group has determined and articulated the importance of an ecosystem of support, highlighting collaboration as central to the ongoing success of the social enterprise sector:

Very often when we develop policies, frameworks, strategies or programs, we spend much time ensuring they are distinct. Instead, we should devote much more time ensuring they are connected and complementary to existing initiatives. This social enterprise conceptual framework is not about developing a distinctive approach. It is about finding collaborative opportunities among initiatives and stakeholders including the Provincial Community Development Policy, Poverty Reduction Strategy, Economic Growth Framework, Community University Research Alliance, the private sector, social enterprises and other actors within the social economy. (Nova Scotia Social Enterprise Working Group, 2011, p. 53)

This working group has clearly identified that it is a cross-sector collaboration, representing multiple players focused on the multiple dimensions of rural development, that creates the conditions for social enterprises to thrive. Although its research is specific to Nova Scotia, the group’s call to create networks of support and collaboration, as opposed to a more competitive business approach, holds lessons for every province.

Since 2011, a Nova Scotia Framework for Advancing Social Enterprise was adopted and “is built upon six ‘policy pillars’ [mentioned earlier] that arose from the 2009 Canadian Conference on Social Enterprise. These pillars have been formally adopted by the … Social Enterprise Network of Nova Scotia (SENNS) which arose out of the earlier work of the Nova Scotia Social Enterprise Working Group” (Province of Nova Scotia, 2017, p. 4).
2.6 Social Enterprise Development in Ontario

Although Ontario is unique in many ways, the interrelationship between levels of government is similar to that in other provinces; the lessons learned in other provincial contexts are relevant to the Ontario social enterprise sector. Ontario’s social enterprise sector, like those in other provinces, and those around the globe, is emerging and dynamic. Ontario launched a five-year social enterprise strategy in 2016.

Ontario Non-Profit Network (2014) has identified the following four criteria that are key to the public trust compact that exists between organizations providing social enterprise and their communities, regardless of corporate form or sources of revenue:

- Has a public purpose and mission;
- Operates for the public good, not personal gain;
- Reinvests excess revenue in its public mission; and
- Retains its assets in the public domain for the public good. (ONN, 2014, p. 5)

The ONN’s research into legislation to support social enterprise development noted that “British Columbia has adopted legislation similar to the United Kingdom, but has opted not to have a regulator, and only requires the social purpose to be among the organization’s many purposes. The British Columbia legislation has only been in place for a few years and uptake is very slow. It is far too soon to tell if it will be effective. In Nova Scotia, regulations have been enacted. Their version of the United Kingdom CIC model has a regulator” (ONN, 2014, p. 6).

In Ontario, organizations and funders dedicated to social enterprise are largely found to be operating in urban areas, where groups of collaborating funders, including all levels of government and the philanthropic sector, have taken the lead for more than fifteen years. These collaborating groups of funders, or “funding collaboratives,” have formed specifically to build the social enterprise sector within defined geographic regions, all of
which are urban in nature. These include the Toronto Enterprise Fund (TEF), Peel Region’s Social Enterprise Enabling Group (SEEG), the Centre for Social Enterprise Development (CSED) in Ottawa, Pillar Nonprofit Network in London and Sarnia, and PARO in Thunder Bay.

**Toronto Enterprise Fund (TEF)**

TEF manages assets for private investors, the United Way, the City of Toronto, the Province of Ontario, and the federal governments, investing in social enterprises within the GTA. Its intention is “to contribute to the reduction of poverty and homelessness in the City of Toronto through the innovative use of the social enterprise model that offers employment to socially marginalized populations.” (Toronto Enterprise Fund, 2017 What is Toronto Enterprise Fund?). In order to do this, TEF provides grants, workshops, tools, and technical resources to organizations considering or engaged in social enterprise activities that specifically work with socially marginalized people.

**Peel Region’s Social Enterprise Enabling Group (SEEG)**

This group of funders is led by the United Way and the Region of Peel and included the Ontario Trillium Foundation (OTF) and a number of provincial and federal government departments. Together, this group provides short-term funds to social enterprises specifically within Peel Region.³

**The Centre for Social Enterprise Development (CSED)**

CSED was formed in Ottawa as a community agency that operates multiple social enterprises. CSED accessed OTF funding to support the work of collaboration among Ottawa-based social enterprises. Collaborators included the United Way, the City of Ottawa, a community loan fund, credit unions, private individuals and educational institutions. Collaborators acted as investors in social enterprise development. In recent

---

³ This researcher facilitated the development of this funders group.
years CISED has partnered with Pillar Nonprofit Network in London, Ontario. Together, CISED and Pillar accessed additional funding from the OTF to replicate the Ottawa CISED model in London and Sarnia; this funding was renewed in 2014.

The recent history of these organizations shows that Ontario has strong social enterprise innovators who are creating pathways to support social enterprise development. The need for collaboration in pursuing effective social enterprise development is clear, as these three separate organizations each emerged from their own contexts, and each chose a collaborative path to expedite social enterprise support activities. In general, these efforts have been geographically defined and have largely had an urban focus. There are lessons to be learned from the urban experience, but there is also a need to identify the differences between urban and rural opportunities, and to find models that meet the needs of rural social enterprises.

2.7 Rural Social Enterprise Development in Ontario

Although rural social enterprises abound, united efforts to stimulate social enterprise activity is very new to rural Ontario. The available literature shows only two rural-targeted social enterprise interventions in Ontario prior to 2012. In 2009 the United Way of Greater Simcoe County partnered with this researcher’s company, Eko Nomos, and C. Lang Consulting, who had provided services to TEF, SEEG, and CISED, to deliver a series of rural social enterprise workshops and to provide customized consultations for social enterprise feasibility and business planning. Fifty rural non-profits from Simcoe County benefited from this targeted intervention. Funding for the work came from federal economic stimulation resources.

In 2010 The Foundation for Rural Living (FRL), an umbrella organization that served rural nonprofits across Ontario, partnered with this researcher’s company, Eko Nomos, and C. Lang Consulting to access funding from OTF in order to deliver the Rural Social Enterprise Project (RSEP.) One hundred and fifty rural non-profit organization and
social entrepreneurs, in four regions across Ontario, participated in social enterprise workshops. Of these, 39 rural social enterprises, both nascent and developed, were able to access customized business coaching.

From these two rural initiatives, Ferguson and Lang, (2012) summarized the learning about the state of social enterprise development in rural Ontario. Their report highlights the following points:

- There is a large number of rural non-profits engaged in social enterprise at various stages of development, from early stage to mature.
- There is little connection among rural social enterprises, or with the growing social enterprise sector in Canada.
- There is significant latent desire for social enterprise skills training and capacity-building.
- There is a general lack of capacity-building or knowledge of social enterprise tools, resources, policies and sector supports available to rural non-profits.
- There is little regional infrastructure to support ongoing capacity development and investment for rural social enterprise.
- There are limited linkages between urban and rural social enterprises.
- Social entrepreneurs are designing and launching a wide variety of enterprises.  
  (Ferguson and Lang, 2012, p. 20)

These findings set the stage for more-recent developments in supporting and learning from the rural non-profit sector about the importance of, and the ability to pursue, social enterprise.

The early work in Simcoe County and through FRL showed that there were many rural projects in need of networking and support, and a need to provide links to rural leaders and organizations with an interest in social enterprise development. Eko Nomos and C. Lang Consulting, together with the CCEDNET, the Ontario Non-Profit Network (ONN),
the School of Environmental Design and Rural Development (SEDRD) at the University of Guelph and four regional partners from different geographic regions in Ontario formed a collaborative group under a three-year developmental grant from the Ontario Trillium Foundation (OTF) in March 2012. This collaborating group, the Rural Social Enterprise Collaborative (RSEC), concentrated on learning from, and connecting to, the rural social enterprise field in Ontario. It also increased the capacity of rural areas to support social enterprise development.

Lang et al. describes the research activities and results of the Rural Social Enterprise Collaborative, “an evolving group of non-profit organizations and individuals across the province” of Ontario between 2012 and 2015 (Lang et al., 2016a, p. 1). The Collaborative’s leadership team for the project included ten separate organizations from diverse regions and sectors, and with diverse purposes (Lang et al., 2016a). The report is the result of “two sister projects” funded by the Ontario Trillium Foundation, and its purpose is to outline “the rationale and theory of change that have informed RSEC’s work. It shares project accomplishments, key learning, and the voices of rural stakeholders who were involved in RSEC project activities … [it also] documents insights for action: ways to continue building the capacity of rural and northern non-profits … in the larger SE sector” (Lang et al., 2016a, p. 2).

The report begins with observations of the nature and value of social enterprise, which it sees as “earned revenue [strategies] that assist non-profits in becoming more resilient and more able to sustain and grow their positive impact in their communities” (Lang et al., 2016a, p. 3). The specific challenges facing rural social enterprises are described as linked to “gaps in access to grant capital, capacity building resources, specialized supports tailored to their needs, and social enterprise networking and mentoring opportunities to assist [in] social enterprise development” (Lang et al., 2016a, p. 3). Rural social enterprises may have further barriers related to their “smaller scale, less established connections to influencers (often urban-based organizations and people),
and the lack of a unified position on common issues” (Lang et al., 2016a, p. 4). The work of RSEC was thus to implement an “ecosystem approach,” provide “capacity building supports” and linkages to the larger sector while “mentoring regional intermediary organizations” to carry on the work. The project thus resulted in the delivery of coaching and webinars; convening, mapping and assessment of intermediaries; testing and promoting social enterprise in academic contexts; creating roundtables and common understandings across Ontario; documenting and sharing information about the sector (Lang et al., 2016a, p. 5).

The report highlights seven different facets of the ecosystem approach they adopted to social enterprise ecosystem development: regional networking and social enterprise mapping, place-based regional intermediaries and stakeholders, capacity building with rural non-profits, practitioner development, post-secondary research and engagement (pp. 16–19), rurality and social enterprise policy, and rural social enterprise ecosystem evolution (Lang et al., 2016a, pp. 8–26). The authors consolidate and prioritize all their identified insights for action in calling for a strengthening of capacity, the creation of connections, the sharing of knowledge and the alignment of policy to support social enterprises in rural Ontario.

RSEC also received a New Directions Research grant from the Ontario Ministry of Agriculture and Food and Rural Affairs and documented the system of support for four rural Ontario social enterprises. Lang et al. (2016b) provide an overview of the process and results arising from the research. The project was administered by the ONN and implemented collaboratively by the authors. The research is intended to document how social enterprises have developed in rural Ontario, and, more specifically, to provide “cross-case analysis of four rural and northern social enterprise organizations” (Lang et al., 2016b, p. 1). Research questions focused on the process of social enterprise development in terms of the contexts in which they arise, their needed supports, and the barriers they often encounter. In asking these questions, the research documents
three policy areas: enterprise development supports, legal and regulatory issues related to nonprofit groups, and co-operative and charitable structures and land and building use.

(Lang et al., 2016b, p. 4).

The primary research was carried out on four Ontario social enterprises: Abbey Gardens, Cloverbelt Local Food Co-op, Common Roof, and Community Living South Huron (Lang et al., 2016b). To guide the research, the Community Capitals framework (described more fully below) was used to “illustrate the diverse intersections and interactions of factors salient to the development of social enterprise in rural communities” (Lang et al., 2016b, pp. 1–2, citing Flora and Flora, 2008).

The researchers discuss how “strong cultural attachment to [geographical] location and environment” produce “place-based cultures of rurality” at each site: “each social enterprise under study responded to local needs and values in unique ways” (Lang et al., 2016b, p. 2). Despite unique efforts and locations, the authors found that “collaboration” combined with a “challenge” to prevailing perceptions regarding community assets lead to successful activity, or the “leveraging of surplus or underutilized capitals to augment others” Each case study site used “affordable lands and/or buildings to secure long term viability” (Lang et al., 2016b, p. 2). In addition to this collaborative/challenging use of pre-existing capitals, the authors also found that specific leaders or ‘champions’ were needed for success, but that these leaders had to be “highly collaborative,” with a diverse network and set of skills, and clear credibility in the community. Each organization nevertheless identified succession as a critical issue potentially affecting sustainability (Lang et al., 2016b, p. 3).

As to how the social enterprises were structured, the authors describe how “form followed function” in that the models developed from relatively informal toward more formal legal structures in order to “access and generate financial and built capital.”
However, none of the organizations “identified as ‘social enterprises’ in their earliest stages of development,” but rather focused more on mission until it became necessary to formalize or incorporate (Lang et al., 2016b, p. 3). To test and tweak their corporate structures to fit their needs, two of the sites successfully engaged the participation of local Community Futures Development Corporations (CFDC). The mandate of CFDCs is to support business development in their regions. This includes social enterprises but this focus is fairly new to many of the local practitioners who provide business supports.

Following brief remarks on the breadth and depth of the impacts and outcomes associated with successful social enterprise and non-profit activity, the authors provide recommendations for policies in the areas of “enterprise development and supports; legal and regulatory issues related to non-profit, co-operative and charitable structures; land and building use” (Lang et al., 2016b, p. 3). The authors propose that:

Policies that support non-profit social enterprise in the context of rural and northern communities will:

• Support place-based innovation and avoid one-size-fits all approaches
• Enable rather than inhibit the flexibility needed for local cross-sectoral innovation in rural and northern social enterprise northern development
• Leverage and coordinate the mandates and resources of enterprise support organizations, programs and advisors at local and regional levels to further social enterprise objectives
• Grow enterprise development capacity, take advantage of unique community capital, and account for capacity and service gaps in rural and northern communities
• Recognize the community benefit impacts that rural and northern social enterprises can effect in their regions, and the many forms of community capital they can create – social, built, political, financial, human and natural (Lang et al., 2016b, p. 4)
2.8 The social enterprise ecosystem of support in Ontario

Since 2000, the social enterprise sector, in both rural and urban Ontario, has seen numerous changes, and a general increase in support and interest. The changes in communities have aligned with a critical development at the provincial level. In the fall of 2013, the Ontario Ministry of Economic Development, Trade and Employment used the Social Enterprise World Forum in Calgary to announce the opening of the new Office for Social Enterprise. This was followed by an announcement in the spring of 2014 of the Social Enterprise Development Fund, which invested millions of dollars in Ontario intermediaries in an attempt to leverage local resources to support the development of social enterprises in Ontario. The plan and rationale for this work are laid out in the provincial document “Impact: A Social Enterprise Strategy for Ontario” (2013) that highlights both urban and rural social enterprise innovations. With this development, the social enterprise sector in Ontario has gained critical acknowledgment at the provincial level, and an opportunity to expand and deepen. The now newly named Social Enterprise Branch of the Ontario Ministry of Economic Development, Trade and Employment just released a new social enterprise strategy to guide provincial social enterprise and social finance policy for the future.

One way to understand the context that supports social enterprises is to think about it as an ecosystem. Mason and Brown’s 2014 synthesis of the literature defined an entrepreneurial ecosystem as “a set of interconnected actors (potential and existing), organizations, institutions, and processes which formally and informally coalesce to connect, mediate and govern the local environment. This view is holistic and seeks to understand the institutions/structures (formal and informal) that help to develop and sustain social enterprises within a specific ecosystem or context” (Mason and Brown, 2014, p. 5).
As the ecosystem for social enterprise in Ontario is increasing in complexity, both practice and policy development activities are accelerating. There are currently many different types of organizations, collaborations, networks and post-secondary institutions involved in this process. The complexity of the field is evolving through new relationships, partnerships and collaborations that are forming to support and stimulate the development of social enterprises, with the shared aim of addressing persistent social, environmental and cultural issues. The Mowat Centre, an “independent public policy think tank located at the School of Public Policy and Governance at the University of Toronto” (www.mowatcentre.ca), developed the following illustration to show the various organizations that are influencing the development of social enterprises in Ontario:

Figure 1: The Social Enterprise Ecosystem (Mowat Centre, 2013, p. 4).

This diagram captures the variety of stakeholders and supporters within the current field. Although it does not clearly delineate the connections among the various components in the system, it is helpful in identifying the organizations at the core (in
light blue) and the supporting role of the other players, as well as the central theme, Community & Economic Benefit.

The sheer number of stakeholders and supporters in the social enterprise field suggests that the requirements for the success of social enterprise are likewise multiple and diverse. During the Social Enterprise World Forum in Calgary in 2013, social enterprise leaders, practitioners, researchers, and supporters identified key components of the ecosystem that can effectively support social enterprise development:
Figure 2 : Key Components of the Social Enterprise Eco-system (*Social Enterprise Council of Canada, 2013*)

Given the unique nature of rural communities, their shared challenges and opportunities, and their evident need for services and supports, social enterprise as a model for community improvement seems to fit the needs of rural communities well. Social enterprise practices can be modified to fit a variety of environments and needs, but these practices are primarily disposed to building on the strengths of communities and people in a way that many other policy and economic tools are not. Social enterprise is well suited as a means of providing solutions to some unique rural challenges. For social enterprises to succeed, however, they require a systems response that is driven by the main actors in local and regional rural communities and supported by provincial and federal frameworks.

Lang et. al (2016b) suggested that the ecosystem of support for social enterprises is not well developed in Ontario. Even though all levels of government are involved in one way or another in social enterprises.

There is little or no coordination between the levels of government with respect to these programs and policies. Despite this, local organizations and their champions must engage at each level, expend social and political capital at each level, in order to reach their objectives. The cost associated with having to manage social and political capitals at so many different levels is comparatively high for social enterprises in general, and for small rural social and northern enterprises in particular. The whole social enterprise field can benefit from increasing awareness of and sensitivity to rural and northern social enterprise approaches and supports. In Ontario the ecosystem is not well coordinated. It is rapidly evolving with many new players including investors, funders, consultants,
and social enterprises – both non-profit and for-profit. (Lang et al., 2016b, p. 126)

Lang et. al (2016a) provided recommendations for policies in the areas of enterprise development and supports; legal and regulatory issues related to non-profit, co-operative and charitable structures; land and building use. The authors propose that “policies that support non-profit social enterprise in the context of rural and northern communities” will:

• Support place-based innovation and avoid one-size-fits all approaches
• Enable rather than inhibit the flexibility needed for local cross-sectoral innovation in rural and northern social enterprise development
• Leverage and coordinate the mandates and resources of enterprise support organizations, programs and advisors at local and regional levels to further social enterprise objectives
• Grow enterprise development capacity, take advantage of unique community capital, and account for capacity and service gaps in rural and northern communities
• Recognize the community benefit impacts that rural and northern social enterprises can effect in their regions, and the many forms of community capital they can create – social, built, political, financial, human, cultural and natural. (Lang et al., 2016a, p. 5)

RSEC further affirmed the importance of “aligning both policy and funding related to non-profit social enterprise at the municipal, regional, provincial and federal levels. All these levels are influencing rural and northern social enterprise development yet there is little or no collaboration or coordination of efforts and policy directions. Few rural communities are accessing funding from all three levels of government. Most are not
aware of relevant funding opportunities and/or have difficulty competing for funding for their innovative social enterprise work” (Lang, et al., 2016a, p. 21).

If social enterprise development in rural and northern communities is to be effective, it needs to be supported in a more coordinated way by all levels of government. Interviewees in this research were also very clear about this. It is possible to imagine how a vibrant social enterprise ecosystem supported by policy alignment that includes all levels of government and recognizes place-based approaches can truly lead to a more dynamic field of practice.

Lang et al., (2016b), also suggested an ecosystem for rural social enterprise development support that was captured in their theory of change. This researcher further adapts this framework with an eye to including rural and remote municipalities in the final sections of this document.
Figure 3: An ecosystem for rural social enterprise development support (Lang, et al., 2016a, page 22)

Together, these diagrams speak to the diversity of interests, opportunities, outcomes, and needs of the social enterprise sector. Although these factors are similar in rural and urban contexts, there is a need for specific rural knowledge and policy to ensure that, as the sector develops, rural communities and rural social enterprises continue to be included and supported.
2.9 The role of non-profits in the development of social enterprise in Ontario

Although the term social enterprise can refer to a number of types of organization, the role of non-profits in developing social enterprises and building the sector provides a useful lens through which to examine influences, opportunities, and development factors. Indeed, the nonprofit sector itself includes many types of organizations with a wide variety of aims, mandates, and priorities. What’s more, nonprofits are critically important to Ontario’s economy, and to communities. Within Ontario, the nonprofit sector includes over 49,000 organizations and generates over 50 billion dollars annually, or over 7% of Ontario’s GDP (ONN, 2013). The sector coordinates over seven million volunteers province-wide, and employs over 600,000 Ontarians. In addition to its impressive economic contribution, the nonprofit sector stewards social, cultural and environmental assets on behalf of the people of the province. In sum, nonprofits are a major contributor to the maintenance and development of civil society and the economy. Investment in the entrepreneurial leadership and the development of social enterprises within the nonprofit sector in Ontario is one strategy that policy-makers can pursue to maintain and enhance rural economic, social and environmental assets.

Within the nonprofit sector, there is increased interest in the field of social enterprise; it is becoming a key leverage point used to increase capacity and develop non-profits’ ability to pursue their missions. Many nonprofits across Ontario are creating their own revenue streams, with an average of 45% of revenue coming from earned income (Imagine Canada 2013, p. 16).

The Social Enterprise Council of Canada (SECC), an alliance of social enterprise leaders dedicated to enabling social enterprise, suggests that there is currently a critical need to identify and recognize the contributions of social enterprises in creating healthy communities: socially, culturally, economically and environmentally (Social Enterprise Council of Canada [SECC] 2010). SECC also suggests that there is a need for enhancing business skills, expanding market opportunities through government
procurement, supporting intermediaries and leaders in social enterprises, accessing capital, demonstrating value, educating elected officials, networking and building enabling infrastructure through a new legislative framework (SECC 2010, pp. 2–7).

SECC, as a leader in the field, has identified specific areas in need of development or expansion to fully support and create an environment where social enterprises are able to start up, expand and succeed. It argues that in supporting social enterprise, larger or more ambitious community and environmental goals may be more-readily realized.

While the nonprofit sector generally is a significant component of the economy, the economic, social, and environmental contributions that the sector makes directly through social enterprise activities are considerable. Expanding the opportunities inherent in the social enterprise model by working towards a policy environment that enables success is worthy of research and pursuit. This is true in both the urban and rural contexts. However, the specific needs of rural communities in diversifying their economies, providing jobs and training and maintaining or improving local assets require uniquely rural solutions. There is a clear need for research to inform the policy context by providing concrete evidence of the relationship between policy and successful social enterprises in rural Ontario.

Within the non-profit sector, and specifically within the social enterprise sub-sector, there is documented evidence of positive outcomes arising from peer-to-peer opportunities, and the ability of non-profits to work together and problem-solve at a more regional level. Citing Partridge and Rickman (2008), Reimer and Markey (2008) see place-based policies as potential tools for creating “peer effects, economic-role models within [regions], and knowledge spillover effects to have a positive impact on poverty and employment” (Reimer and Markey, 2008, p. 7). This is supported by the research of Teasdale and Dey, who see social enterprise as evolving from the ground up – built by organizations in response to opportunities, and not created wholesale by
governments: “The perpetuation of social enterprise on the level of practice is perhaps
less the result of direct government manipulation of economic resources than of
practitioners’ tactical opportunism through which they appropriate public money”
(Teasdale, S. and Dey, p. 18). It is worth teasing out the relationship between
supportive policy that is used to create and support social enterprise, and the non-profit
leaders who innovate and change tactics to survive, thrive, and create positive
community conditions. However, equally important is an understanding of the strategies
that enable social enterprise development in the context of the multiple layers of policy
with which it must conform.

By virtue of its position as an actor in the competitive marketplace and the non-profit,
“community and economic benefit” spheres, social enterprise development is, by
necessity, multi-layered. Considerable attention must be paid to both effective business
practice and social, cultural, economic and environmental outcomes. Strategies for
success often also prioritize the “coordination” of “regional links,” designed specifically
to raise “awareness of social enterprise,” as well as to develop social entrepreneurship,
while also establishing "business support services for social enterprises" (Herfordshire
Partnership. 2005, pp. 7–8). Social enterprises, by their very nature, are more
complicated and layered than traditional enterprises, and have much to gain from a
regional community of practice, and from dedicated efforts in building a supportive
policy framework. With this knowledge, the Rural Social Enterprise Collaborative
(RSEC) in Ontario was working to not only build the capacity of local organizations and
social enterprise practitioners, but also to develop local intermediaries to support social
enterprises. Concurrently, it was linking rural and urban social enterprises in order to
have a stronger voice with which to promote “policy changes to create an enabling
environment for social enterprises” (Lang et al., 2016a, p. 19).

This approach, and the understanding that social entrepreneurs who have a perspective
from multiple sectors are better poised to lead the development of social enterprises, is
echoed by Hynes (2005). Initially, Hynes describes how social entrepreneurs, if they are to be effective leaders in their field, are required to adopt many different roles (Hynes, 2009). Further, she remarks that social enterprises commonly adopt a “multi-stakeholder focus” (Hynes, 2009, p. 116). Thus, it is shown that both broadly, in terms of mandate, and more narrowly, in terms of individual capacity, a social enterprise’s “growth” is much harder to gauge than those of traditional for-profit businesses (Hynes, 2009). To bring this understanding concretely into the nonprofit sector, it has been suggested by Saldanha (2013) that social enterprises actually build social capital, and do so using solidarity-building activities. These activities can include leveraging social media, broadening and diversifying funding sources, and sharing knowledge and resources among organizations, as well as generally ensuring that agents of the organization are engaged, informed and trusted in the community (Saldanha, 2013). Saldanha thus points out how similar social enterprise strategies are to nonprofit strategies in general, and shows the link between the mission or greater purpose of the enterprise and its actual functioning within its community. The relationship between nonprofits and social enterprise, and a focus on social enterprises that sit within the non-profit sector, provide a useful lens for analysis in determining a category of social enterprise that has uniting characteristics, but a high degree of diversity. The role of profit is controlled within the non-profit sector, and thus this type of social enterprise is worthy of further analysis.

2.10 Provincial and Federal Government Roles in Social Enterprise Development

The appetite for social enterprise in Canada has grown recently, especially as it relates to nonprofit and charity models. Further, the potential role of social enterprise in increasing the resilience of Ontario’s rural economy has gained attention and momentum. This has occurred in spite of inadequate and confused policy at both the federal and provincial levels, where policy-makers are pursuing programs to support social enterprise development. Research into social enterprise in Canada and Ontario is
at an early stage, and thus we find a policy environment that shows little coordination among levels of government. The link between federal and provincial rural policy needs both definition and coordination within the social enterprise development field: Partridge, Olfert and Ali (2009) claim that “a full rural policy evaluation is long overdue” (Partridge et al., 2009, p. 2); how social enterprise should fit into high-level policies is not yet clear.

Canada is, in some ways, learning by doing as it approaches social enterprise development and support. Understanding social enterprise support in the UK can assist in this period of learning and development. Social Enterprise UK (2012) argues that social enterprises have the capacity to improve the delivery of public services while ensuring that the needs of workers and their communities are satisfied (Social Enterprise UK, 2012). There have been powerful social enterprise policy instruments developed in the UK in the last 15 years, and they have begun to improve service delivery, particularly in rural regions. Based on the experience in the UK, policy development in social enterprise within Canada needs senior staff involvement for it to move forward in a productive way. Mawson (2010) suggests that failure to “lend … weight and leadership,” (Mawson, 2010, p. 74) or even any significant investment to social enterprise development, left the sector poorly served. He concludes that “policy developments lacked focus internally and were led by junior staff” to the extent that social enterprise development remained “both limited in scale and lacking in vision” (Mawson, 2010, p. 80).

To apply the learning from the UK experience to Canada, Reimer and Markey (2008) caution that upper-tier governments remain vitally important to the guidance of place-based policy. In this way, policy ought to be seen as a “partnership,” or “co-construction” process as has been the case in Quebec and Manitoba. Villeneuve-Smith and Chung (2013) call for recognition that “grants and ‘softer’ social investment … remain critical parts of the mix for many social enterprises” and further recommend that policymakers and investors “design financial products and support programs to reflect this reality”
(Villeneuve-Smith and Chung, 2013, p. 66). Not only are there a variety of strategies for governments to pursue, but governments are also central to developing a common understanding of social enterprise based on their work, as informed by place-based organizations.

Although there is a role for governmental support, it is critical that it be pursued in a manner consistent with the values of the sector, including place-based understanding and local control. Bullock (2013) identifies a “local control” framing (Bullock, 2013, p. 276; table 13.3) in which the “perceived root of the problem is the lack of local control that has been maintained through centralized, top-down governance structures and processes” (Bullock, 2013, p. 282). This framing further recognizes that “reconfiguring power relations would require conventional and new players to assume new and different, or unfamiliar, roles” (Bullock, 2013, p. 282). Bullock thus cautions the sector to maintain its connection to place, and to its values, when expanding into the policy context. Bradford (2008) echoes these concerns; the “challenges of economic innovation, social and cultural inclusion and ecological sustainability” are most effectively met when federal bodies “engage local government networks.” This “spatially-sensitive perspective” may be an appropriate antidote to traditional approaches that too often “ignore local voices and devalue community and municipal assets” (Bradford, 2008, p. 2). These claims are reinforced by the claims of both the Federation of Canadian Municipalities and community-based organizations more broadly (Bradford, 2008).

Perhaps one of the most important roles of government in social enterprise development is mapping of the sector: by necessity this requires a collaborative platform, and shared resources. De Mello (2013) provides seven recommendations and a checklist for the “ideal mapping platform” (De Mello, 2013, pp. 11–13). These highlight the importance of collaboration, user-friendliness, public ownership, consistent
maintenance, scalability, and making use of both existing resources and new partnerships across sectors (De Mello, 2013).

Critical factors for meeting contemporary rural challenges include strong ideas, collaboration and leadership. Bradford (2008) outlines these in order of priority: first to “work on ideas,” creating a new “knowledge base, informed by research, evidence-based practice and experiential learning”; further, to “work on connection,” supporting the “bridge builders” and privileging their “boundary crossing” as “crucial for both vertical and horizontal collaboration”; finally, to “work on leadership” so that the “wide political coalition yet to be mobilized” in currently neglected areas may begin to support these “values of diversity, inclusion, autonomy and community” (Bradford, 2008, p. 9). In outlining this path forward, Bradford provides a useful description of the pathway to success for social enterprises in rural Ontario, based on a supportive policy environment at the municipal, provincial, and federal levels.

The literature reviewed in this section shows that the rural situation is complex, and the lack of a clear definition in social enterprise discourse at all levels of policy-making may be stifling the production of policy tools better suited to rural needs. However, there are also suggestions and models of supportive policy development that can assist in improving rural communities and economies through social enterprise. Beginning with this understanding of the relationship between provincial and federal policy-making, a more in-depth look at rural municipalities as active participants in this sector will be possible.

2.11 Role of rural municipalities in social enterprise development

Municipalities already own and operate social enterprises, and support, or partner with, social businesses operated by non-profits. These creative collaborations are leading rural social enterprise practice into its next phase.
The Rural Social Enterprise Collaborative (RSEC) has been interested in rural policy since its inception in 2011. To understand the role of policy, RSEC conducted action research at two annual Rural Ontario Municipalities Association (ROMA) conferences and through interviews with social enterprise practitioners/field builders and public servants.

RSEC found that Ontario municipalities are operating diverse social enterprises that include: museum shops, community halls and areas, art galleries, public transit, festival heritage days, solar and renewable energy, library enterprises, a ski hill and ski school, a community radio station, humane societies/shelters, gravel and road services, seniors and assisted housing, a recycling plant, community gardens, a youth centre with numerous enterprises, and an environmental assessment firm. Rural municipalities are also supporting nonprofit social enterprises by providing free or low-priced space leasing, entering into co-ownership of buildings, sitting on committees, providing volunteers, facilitating accessible housing, offering grants, and enacting by-law revisions to support organizations like Habitat for Humanity, and waiving water and sewer hook-up fees.

Additional findings from interviews with practitioners and public servants showed that the language of social enterprise is not well understood, and that most people were not familiar with the term. Yet, in spite of this, municipalities and non-profits are already operating a wide variety of rural social enterprises. Municipalities are also supporting nonprofit social enterprise. Interviewees were able to identify only a few examples of municipal policies that support rural social enterprise. The interviews identified significantly more interest in the topic of social enterprise now than there was five years ago, especially in its relation to nonprofit and charity models. There was a clear perceived role for social enterprise in making Ontario’s rural economy more resilient especially between social enterprise and job creation and retention.
The interviewees demonstrated widespread understanding that the rural situation is complex.

Kain et al. (2010) identify seven potential roles for local governments in the development and assistance of social enterprise (Kain et al., 2010). These roles are diverse, ranging from the abstract “Planning, Research and Advising” (Kain et al., 2010, p. 24), to concrete “Financial Support” and “Procurement” (Kain et al., 2010, pp. 22, 27 respectively). Kain finds also that social enterprise activity of municipalities is primarily in “affordable housing, downtown revitalization, and economic diversification” (Kain et al., 2010, p. 31). Municipalities, however, can play an active role in a variety of economic innovations and social enterprises.

For example, Quebec’s National Rural Policy recognizes place-based social economy enterprises as “being particularly suited to the challenges of rural communities and … based on the premise of local communities’ autonomy” (RELIESS 2012b, p. 1). The policy was implemented to give “Regional County Municipalities” broad latitude in determining how Provincial funds would be used to develop local initiatives (RELIESS 2012b, p. 1); “This policy is in line with the social and solidarity economic vision and strengthens the support and recognition offered by government agencies in favour of collective entrepreneurship” (RELIESS 2012b, p. 2). So too, Quebec’s “rural pact” funds can be used to support municipal projects or social economy enterprises. Projects are selected using a decentralized process in which local municipal officials encourage citizen participation in local development. Municipal authorities also have great latitude in managing these funds (RELIESS, 2012a).

Regardless of the location of social enterprise development, there is currently a tendency to differentiate public funding strategies and guidelines according to the type of organization, be it nonprofit, charitable, or co-operative. While establishing funding programs in alignment with municipalities’ strategic objectives is common, the
operational practice of this alignment requires both flexibility and clarity that, together, are difficult to maintain. Within this context it is of great importance to be able to identify outcome measures for social enterprises that are both relevant and acceptable. Indeed, Hynes (2005) makes reference to Austin (2006, p. 117), showing that “social entrepreneurs … did not use financial measures to gauge success of the business, and relied on subjective ad hoc [sic] measures determined by their stakeholders.” Thus, Hynes makes the case that “it is incumbent on researchers, policy makers and social entrepreneurs to identify accepted relevant measures that capture the scale and impact contribution of the social enterprise and which will further serve to quantify their important economic role” (Hynes, B. 2005 p. 118).

The Association of Municipalities of Ontario’s (AMO) Northern and Rural Working Group recently produced a document to assist “provincial ministries to assess the impacts of new policy initiatives or changes before they are implemented” (AMO, 2011, p. 3). The questions that make up the lens as a “tool” ask that policy-makers take into consideration the “fiscal realities … [and] sparse populations” in rural and northern communities; that they “enhance opportunities” and ensure “sustainability” and “access” for these communities; that all “options for delivery” are considered, accounting for “special populations”; that “adequate human and financial resources” are provided; that Rural and Northern Communities are given “equitable treatment” in services, and that the “geography … aspirations … [and] input and advice” of rural and northern communities are respected and accommodated (AMO, 2011, p. 4).

The paper gives particular attention to key changes and trends in Ontario, especially since 2008 (AMO, 2008). The discussion begins with a look at “Government Policies and the Municipal Impact,” which provides an overview of common policy issues facing small rural and Northern communities. The authors use the examples of the Accessibility for Ontarians with Disabilities Act (AODA) as an example of “provincial policy that significantly affects municipal administrative costs,” and more specifically
describe how, “The fiscal cost of implementing AODA requirements was not analyzed by the Province and yet, the timeline for implementation meant that municipalities had to forge ahead with implementation strategies” (AMO, 2008, pp. 7–9).

The authors point to other obstacles for municipalities, including onerous or unreasonable “reporting requirements” and “red tape” attached to funding from the province. An example is given wherein one municipality found that it was required to submit 287 reports to the province in one fiscal year, “more than one for every single work day in the year” (AMO, 2011, p. 11). The authors emphasize the “distinction … between urban and rural,” and criticize a “one-size-fits-all approach to policy and program development and design.” Further discussion focuses on the “fiscal health” of municipalities, issues in education, the need for infrastructure, emergent opportunities related to a growing digital economy (AMO, 2011, pp. 11–17), interventions supporting access to local food, and natural resources, especially mining in the Ring of Fire (AMO, 2011, p. 21).

Using Canadian research conducted by Sancton (2011) and by the Association of Municipalities of Ontario (2015) we find a significant trend whereby municipal resources are shrinking to a level approaching the untenable. The percentage of “own source” revenue managed by the various levels of government has fluctuated greatly in the last century. This trend puts rural municipalities in a disadvantaged position because of the transfer payment process and the need to qualify for special grants. Smaller rural municipal representatives need to know how to manage these many cumbersome application and reporting processes with fewer staff and resources than larger ones.

<table>
<thead>
<tr>
<th>Year</th>
<th>Municipal Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>36%</td>
</tr>
<tr>
<td>1948</td>
<td>14%</td>
</tr>
<tr>
<td>2015</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Provincial</td>
</tr>
<tr>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Federal</td>
<td>47%</td>
</tr>
</tbody>
</table>

(Sancton, p. 11) and (AMO, p. 8)

**Table 1: Percentage of public revenues controlled by municipal, provincial and federal governments**

While we have seen that social enterprise research and definitions are still emerging in the mainstream at a federal and provincial level, social enterprise research at a municipal level is even less advanced.

A sector understanding of social enterprise is nascent; it is thus no surprise that research in this area, specifically as it relates to rural Ontario and rural Canada, is lacking. Although there is significant interest in social enterprise in communities, as documented in rural Ontario by RSEC, there is simultaneously a need to understand this work, and the ecosystem of supports required for it to help communities grow and improve. There is significant literature available on the social economy and social enterprise at the level of both practice and theory, yet in this emerging field, the literature is inconclusive at best, and geographically scattered. As of yet, no rigorous research has been conducted to investigate the intersections of place-based policy and social enterprise development in rural Ontario municipalities.

**2.12 Current Thinking on Place-Based Rural Policy: Theory and Practice**

Understanding social enterprise requires more than a comprehension of its relationship with non-profits, as social enterprise development is deeply linked to both place and organizational structure. Numerous rural researchers have theorized about “place-based policy,” and a variety of perspectives are summarized in this section.
Place-based idiosyncrasies are especially relevant to rural contexts where the provision of basic services is “more than an issue of access,” but rather one that affects “community resiliency to changing economic conditions, social cohesion, and capacity” (Reimer and Markey, 2008, p. 7). Although this is true in urban terms as well, Reimer and Markey reach the conclusion that “rural characteristics have led to concerns about the negative impacts of general policies that are not appropriately adapted for rural and remote regions” (Reimer and Markey, 2008, p. 7, citing Fluharty 2002). It seems that in the rural context, the realities of geography become especially influential when considering the possibilities for replicating urban models. For interventions to succeed, the realities of a place – in terms of geography, socio-economics, attitudes, and resources – create a need for different kinds of support or different relationships among actors.

Reimer and Markey further provide “insights for place-based policy emerging from research” (Reimer and Markey, 2008, p. 3). They begin by discussing ways in which “place matters”: primarily in recognizing local assets, providing services in place, governance in place, and identities formed in place (Reimer and Markey, 2008, p. 3). This is discussed through the identification of a number of challenges related to place-based policy that include the “individualism” at the root of Canadian public policy, the divisions within institutional structures, continuing economic restructuring, the “definitional obscurity” of place-based approaches, and, more specifically, the “confusion of location-sensitive and place-based policies” (Reimer and Markey, 2008, pp. 4–6). Because of these specific challenges, Reimer and Markey specifically draw attention to five methods for the strategic implementation of place-based policies. These include the adoption of an “investment orientation,” the building of local capacity, supporting rural service delivery, listening to rural voices, and recognizing place-based critiques (Reimer and Markey, 2008, p. 11). As to the first strategy, Reimer and Markey cite Mirza (2007), to claim that much of the twentieth-century infrastructure erected around resource extraction is “currently collapsing, jeopardizing rural communities and
the broader wealth and benefits we receive from rural regions” (Reimer and Markey, 2008, p. 11, citing Mirza, 2007). Accordingly, it is argued, investments in rural regions are “just that – investments … rather than expenses that undermine urban vitality” (Reimer and Markey, 2008, p. 11, citing Mirza, 2007). In the same vein, Markey et al., (2012) argue against the “resource bank” paradigm of northern or rural development in which “metropolitan decision makers view northern and hinterland regions as places rich in resource assets which can be exploited … without making adequate return deposits” (Markey et al., 2012, p. 15). Instead, it is argued that “each of the four assets – economic, environmental, cultural, and community – enhance competitiveness and build resiliency and diversity, which are key features needed in today’s fast-paced and rapidly changing global economy” (Markey et al., 2012, p. 17). In identifying the difference that place makes, as well as the opportunities that arise from differing contexts, Reimer and Markey pave the way for examining additional considerations of place-based policy development.

In contrast, Woods’ (2006) place-based model is composed of “rural localities – inscribed by distinctive spatial practices linked to production or consumption processes – the formal representations of the rural – how rurality is framed within capitalist production, policy, and media discourses – and the everyday lives of the rural – or, how rurality is experienced by lay actors through everyday activity” (Woods, 2006, p. 3). By envisioning the individual lives lived within place, Woods draws attention to the importance of place in shaping economies in addition to individuals and households. For Woods, there is not “one place,” or “one rural,” but at least three levels at which it is possible to interpret rurality as practice, representation or lived experience. This assessment is reinforced by Bradford (2008):

Geographers studying innovation in the knowledge-based economy now emphasize the importance of localized knowledge clusters for national economic success … [and that] policy interventions must increasingly
work from the ground up to generate solutions rooted in the particular concerns of local communities. (Bradford 2008, p. 1)

Indeed, Breen et al. (2016) identify a “reconceptualization and resurgence of the region as a result of political and economic restructuring that began in the 1980s. It has been researched at both a macro and micro scale and incorporates various themes in addition to place, including multi-level governance and integration” (Breen, et al., p. 283, citing Hettne et al., 1999; Storper, 1999; MacLeod, 2001). This nascent movement is framed as occupying an “intermediating position between the abandonment of traditional patterns of top-down stewardship and the appeal of local control and place-sensitive intervention” (Breen, et al., p. 285, citing Hettne et al., 1999; Storper, 1999; MacLeod, 2001). Using a case study approach, the authors demonstrate how “regional identity is a strong motivating force and binding agent that underlies various development initiatives,” how “understanding identity is critical for developing effective place-based policy,” and how a new regionalism will require “a top-down capacity and willingness to adapt policy instruments, and the bottom-up capacity and willingness to mobilize and define local assets and priorities” (Breen, et al., pp. 305–306, citing Hettne et al., 1999; Storper, 1999; MacLeod, 2001).

The relevance of local knowledge and the need to learn from the ground up is further echoed by Lyons (2002), who provides a list of seven implications for building social capital in rural settings. Lyons proposes the following as the most important ingredients for the building of social capital through social enterprise: multiple linkages among numerous parties, business incubation, specific industry focus for organizations, focus on local resources and obstacles, entrepreneurial activity among service providers, maintaining a long-term perspective, and ensuring alignment with local expectations in both formal and informal networks. In identifying specific areas of import in social enterprise development in a rural setting, Lyons reflects Bradford’s model of the
“multiple rural” while bringing social enterprise to the fore and determining the factors that require attention for effective practice.

The theories surrounding place-based policy are useful in positioning the work of social enterprise development within a specific geographic, social and political context. The importance of understanding and addressing these dynamic factors within case studies, and within the larger movement to understand and support rural social enterprise, cannot be overstated; it is this that creates the difference between rural and urban, both in terms of unique strengths and of unique challenges. Theories aside, it is clear that there are already a number of researchers who have begun to articulate the need for place-based policy that can be used by the various levels of government to support rural social enterprise development.

While a place-based lens on social enterprise development is clearly helpful, the precise means of developing social enterprises bears consideration. Neumeier (2011) reviewed existing literature in order to define approaches to social innovation. He found as the first approach, an “‘organization-centered’ approach, wherein social innovation is framed as the development of ‘new ways of organizing the business practices, the workplace or the external relations of an enterprise’” (Neumeier, 2011., p. 53). The second approach outlined is sociological, focusing on “overall social change … to help create better futures for a society” (Neumeier, 2011., p. 53), more focused on the future than on current practice. The final approach, likewise sociological, focuses not simply on “societal improvement,” but on improvements to “acting, organizing and know-how” of a group (Neumeier, 2011., p. 53), essentially blending the first two approaches.

Within these three approaches, the role of outside actors, including governments, universities, intermediaries and banks, is critical to both building the field and supporting individual enterprises. Collaboration of outside actors proves necessary for any cohesive and effective approach. The Nova Scotia Social Enterprise Working Group
(2011) confirms this by strongly suggesting that the “provincial government should ensure that social enterprise is integrated into its core priorities.” Further, it suggests that universities and governments at all levels “undertake descriptive research and create awareness about social enterprise” (Nova Scotia Working Group, 2011, p. 14). Only with confirmed support of these drivers and actors is it possible to create collaborating supportive networks that are recommended as critical to building and sustaining the field: “The Provincial Government … should lead a partnership with banks, universities and colleges to support training and build social enterprise governance and financial management” (Nova Scotia Working Group, 2011, p. 14). As the Nova Scotia Social Enterprise Working Group points out, individualized support is not enough to grow social enterprises within their contexts; a broader context of unified and cohesive support will most readily ensure that social enterprises are positioned to succeed, expand, and create a larger movement.

It is helpful to have an understanding of the social capital required, considering the variety of actors necessary for effective place-based policy to support social enterprise. The social enterprise field requires social capital that builds both vertical and horizontal relationships – that is vertically, or with hierarchy, as well as horizontally, with peer-based linkages. Lyons contends that social capital is “relationships … based on expectations, obligations and trust” (Nova Scotia Working Group, 2011, p. 14); furthermore, he argues that social capital can be formed both vertically (hierarchically) and horizontally (implicitly peer-based) in support of an initiative. The former, it is argued, tends toward maintenance of the status-quo, with the latter promoting diversity and innovation (Lyons, T.S. 2002, p. 197).

Flora and Flora (2008) provide a strong theoretical and practical way of organizing the many elements in rural communities, including social capital, by developing the community capitals framework. Their work has been pivotal in creating a way of
describing the interplay between various community capitals. They begin by describing how the changing rural context is influencing rural communities.

The concept of community often is based on a shared sense of place. This sense of place involves relationships with the people, cultures, and environments, both natural and built, associated with a particular area. For many rural residents, the area associated with a particular place may be very different from any area defined by the political boundaries of a town or even county.... at one time rural people turned to their communities for nearly everything. People lived, worked, worshiped, shopped, banked, sent their children to school, and socialized all in the same place ... location, social system, and common identity—are increasingly separate. In the past, a community offered a place that housed a set of social institutions (schools, churches, governments, businesses) through which people's daily needs could be met, and a place where people could share a sense of identity. However, improved transportation has made us more mobile, and telecommunications now put us in touch with a wider circle of acquaintances. (Flora and Flora, 2008, p. 13)

As Lang. et al. (2016b) wrote:

The Community Capitals framework suggests that there are seven distinct kinds of capital critical to community development and sustainability. Although the types of capital can be considered individually, according to the framework they function collectively, enriching and/or detracting from one another as circumstances change. Flora and Flora suggest that community development efforts may be enriched and assisted by concentrating on the interactions among the different capitals. Privileging one capital over another, they claim, may quickly become detrimental to
community development; capitals can in certain circumstances undermine one another, leading to some resources being “decapitalized [emphasis in original] ... and the economy, environment, or social equity thus can be compromised. (Lang, et al., 2016b, p. 29)

**Figure 4: The Seven Capitals in the Community Capitals Framework**

Flora and Flora (2008) write about the power of political capital as a means to transform the other capitals. “Political capital can be transformed into built capital, social capital, cultural capital, and financial capital. That transformation is the exercise of power. Community power is the ability to affect the distribution of both public and private resources within the community. Power can be exercised by physical force, economic force, institutionalized force, and influence. The patterns in the exercise of community power are the community power structure. That structure affects communities and how they function” (Flora and Flora, 2008, pp. 167–168). Flora and Flora’s work provides a
good lens through which to understand place-based social enterprises the changes they bring to communities.

With an understanding of a specific place – of actors, dynamics, and patterns for relationship building – a researcher can understand the context from which social enterprises emerge, and further support analysis of the components necessary for success. More broadly, place-based research can also identify broader themes and interrelationships at a regional level, as well as at a provincial and national one. This is of the utmost importance when defining the differences between rural and urban contexts and supports, but also critical to understanding different rural areas, actors, successes, and challenges. Through place-based research and analysis, the role of the provincial and federal government in social enterprise development takes on new significance. The broad provincial and national level trends augment and affect the specific communities, and work in relationship with other factors and influences at the local level.
Chapter 3: Methodology

3.1 Introduction

This chapter provides an overview of the process used to identify and select case study sites and key informants, to develop and use interview guides, and to analyze resulting data.

Case study methodologies are often used as a way to describe and understand real world phenomena. “The case study approach is particularly useful to employ when there is a need to obtain an in-depth appreciation of an issue, event or phenomenon of interest, in its natural real-life context” (Crowe et. al 2011, p. 1). A case study method was appropriate for this research, as there are so few case examples of social enterprises from which rural and remote municipalities can learn. Here, the purpose was to describe rural and remote social enterprises that were supported by municipalities and to identify effective practices used in this support.

Once case study data collection was complete to the point where the case studies might be written, the researcher conducted a cross-case analysis comparing them and the data from the initial interviews so as to reveal new knowledge of what rural and remote municipalities and other levels of government are doing, and could do, to support social enterprise development and the social economy.

In this research, much as in the research conducted by Mawson (2010), the researcher’s own “practice and experience as both a practitioner and researcher,” was used to “sustain the ‘memory’ of past programmes” (Mawson, 2010, p. 66) and raise future possibilities. A policy laboratory generates “fresh new insights into how sectoral policies work, or do not work, on the ground. With appropriate feedback loops, the
macro-level policy focus is sharpened, suggesting where and how mandates and operating rules ought to be reformed” (Mawson, 2010, p. 66).

Lauzon (2013) argues that the postmodern worldview may be realized in capacity-building through recourse to a “participatory” ethic. This may go far beyond a knowledge-transmission paradigm. Relying on Skolimowski (1994), the participatory ethic requires that each person involved foster “change and transformation in the other.” Indeed, discussing capacity-building in response to Skolimowski, Lauzon contends that “four concepts for understanding capacity development are participation, wholeness, empathy/identification and responsibility” (Lauzon, 2013, p. 256). In particular, it is noted that participation here means “co-creative participation,” in which all parties engage in the “collective creation of a shared reality” (Lauzon, 2013, p. 256).

Lauzon et al. (2013) describe a contemporary “move from hierarchical social structures to networked social structures.” In such an environment, it is argued, “collaboration is imperative for success,” with “new players” entering the social enterprise sphere. The authors remark on a “recent push for public policy to support social innovation and social enterprise sector development” (Lauzon, et al., 2013, p. 9).

In order to best perform this research, the researcher needed to work with the points of articulation not simply between individuals, but between collaborating organizations and governments, as well as their members and constituents. The use of narrative and personal accounts provided the capacity to build and describe the “shared reality” that Lauzon (2013, p. 256) gestures toward. That is, the pseudo-hierarchical positioning of the researcher will be subtly altered to make room for first-hand accounts of network-forming and collaboration.
3.2 Advisory Committee Selection

The researcher recruited an advisory committee of people involved in the social enterprise sector to critique and guide, and to ensure results that would be useful to the sector and the various levels of government. This committee met four times during the research to confirm the direction, select the case study sites, and reflect on the results, from their own perspectives (see Appendix 1 for a list of the advisory committee members.)

3.3 Case Study Site Selection (Phase One)

The following regions were identified through the researcher’s involvement in the Lang, et al. (2016a) and Lang, et al. (2016b) research studies and reports. They were sponsored by the Rural Social Enterprise Collaborative, a Trillium-Foundation-funded initiative that focused its work on four regions. Lang, et al. (2016b) was based on a New Directions research grant from the Ontario Ministry of Agriculture, Food and Rural Affairs, which assessed the system of support for individual social enterprises in the same four regions. In-depth knowledge of the four regions treated in previous studies provided a good base from which to launch this research. The regions: Huron County; Simcoe County; Kenora District and Peterborough County.

Huron County

This community is a mainstream rural Ontario community in that it is dominated by a longstanding and ongoing agricultural tradition. There has been significant recent effort, at the local level, to improve food systems through the development of food hubs and other local food projects. However, some nonprofit organizations with deep roots in the community are struggling to continue operating in the face of rapidly-changing provincial and federal policies.
Huron County is a leader in innovative economic development and social enterprise, and has been for many years. Huron County and its municipalities have already invested in multiple social enterprises, so they provide a good site for the documentation of effective practices.

**Simcoe County**

Simcoe County combines two regions. It lies directly north of the GTA and is influenced by rapid development in its towns and cities. Simcoe County also sits south of the Muskoka region, which experiences significant tourism and cottage development. North Simcoe municipalities have closer socioeconomic ties to the Muskoka region than to the GTA. The county includes three First Nations reserves: Christian Island 30; Christian Island 30A; and Mnjikaning First Nation 32.

The collaborations that have developed social enterprises in this region include municipalities, and there emerge from this region some good lessons on effective practices for municipal involvement.

**Kenora District**

Kenora District is huge and carries very low population density. It reaches from near the northern edge of Lake Superior to Hudson Bay. A number of communities in the district are small, fly-in Indigenous communities.

The district’s economy has historically relied heavily on forestry and other resource extraction. With the decline of the forestry industry over the past 20 years, the region has slowly begun to diversify its economy. It is trying to attract tourism and other resource business (mining and renewable energy firms) to the region. The district’s remoteness and reliance on natural resource extraction render it different from rural communities in southern Ontario. However, as with other rural and remote regions, unemployment is high and retaining youth is a challenge. This region provides a remote
northern site for the exploration of the municipal role in social enterprise development. It also provides examples of social enterprises emerging with municipal support while also serving Indigenous communities.

**Peterborough County**

Peterborough County is a rural area approximately 200km northeast of Toronto, with many beautiful lakes and rivers. It is home to some 130,000 residents, with a significant increase in the summer when people from the GTA come to spend time in cottage country. The region’s fine lakes and proximity to Toronto make tourism an important industry. Manufacturing and farming are also important. Many people retire to the area, and its aging population means that Peterborough must adapt to meet the needs of a large elderly population. The region struggles to retain youth, and is actively trying to address this in its economic and cultural planning. Urban populations who come to the area for holidays influence the region. Thus it provides a good case study site for an area that is more directly involved with a large metropolitan area.

The knowledge and perspectives gathered in each of the case study sites through the previous research provided a nuanced understanding of what rural municipalities, in a variety of regions, are doing to develop and support rural social enterprises, as a strategy for diversity and community vitality. The study process was able to identify municipal policy opportunities for collaboration with other levels of government to enable localized support, for more resilient communities.

### 3.4 Phase 1: Key informant interviews

Phase 1 key informant interviews sought to assess the current knowledge of social enterprise among rural and remote municipality residents and to identify case study sites. The researcher initially compiled a list of the names and contact information for the Chief Administrator Officers (CAOs), mayors, and/or economic development officers
of 52 lower-tier municipalities. Of the 52 contacted, a number responded that they were not familiar with social enterprise, and therefore felt they had nothing to contribute to the research (see Appendix 2 for a listing of key informants for Phases 1 and 2.) Twenty-six people agreed to be interviewed. The researcher scheduled and conducted interviews. Those willing to be interviewed in Phase 1 of the data collection were sent a project backgrounder (Appendix 3), interview consent form (Appendix 4), and an interview guide (Appendix 5).

Phase 2 interviews gathered data that would form the basis for the case studies. Interviews with 26 CEOs and economic development officers were conducted in the fall of 2016 and the winter of 2017 using an interview guide (see Appendix 7). The draft guide was developed from the researcher’s previous experience in conducting social enterprise case studies. Advisory committee members reviewed the interview guide and suggested changes, leading to the final version of the guide used (see Appendix 7).

In each region, the researcher interviewed mayors, CAOs and/or economic development officers of lower-tier municipalities. Interviews took place between May and August of 2016. In total, the researcher conducted twenty-six (26) audio-recorded telephone interviews, using a prepared script and questions. When interviewees asked questions about social enterprise, the researcher took the time to answer them, based on her knowledge and history of practice. The interviews lasted from 30 minutes to over an hour.

3.5 Phase 1 Data Analysis

Many respondents commented that they acquired new knowledge of social enterprise and provincial social enterprise policies as part of the research. They also learned how their earned-revenue social enterprises were being supported by the municipalities. Indeed, some respondents were already supporting nonprofit organizations in operating
social enterprises, but had not connected the concept of social enterprise to their roles in the social economy.

In each interview, the interviewees were able to identify a number of social enterprises as examples of businesses worthy of further study, with the exception of two people who could not identify a single social enterprise or nonprofit organization.

In total, 30 social enterprises were suggested as possible case study sites (see App 6 for a full list of potential sites). The researcher prepared a matrix including all possible case study sites (See App 8). The case studies analysis included a summary of: the scale of the enterprise; whether interviewees were knowledgeable in social enterprise; description of the concept, sector, ownership structure and municipal practices that were evident, and; a rating of the usefulness as a good case study. On subsequent review, using the criteria it established at its first meeting, the advisory committee assisted in the selection of eight social enterprises, two per region under study. The selection criteria included: regional representation, scale of municipality; scale of social enterprise; diversity of sectors; diversity of ownership structure; level of researcher interest without introducing bias, and; degree of social capital leveraged.

Through this process the advisory group and researcher identified eight social enterprises (two per region) in which municipalities have been, or are, involved. The selected case study social enterprises represented variety in terms of scale, ownership structure, sector and municipal practices. The following sectors were represented: food, logistics, culture, transportation, energy and municipal services, employment, health, environment and retail.

Analysis of the interview transcripts provided a strong assessment of the current state of knowledge of social enterprise, with significant information on social enterprise activity
by Ontario rural and remote municipalities. This analysis led to the information included in Chapter 5 as Table 3: Knowledge of Social Enterprise.

The transcripts also provided useful assessment of the municipal social enterprise activity of practitioners and intermediaries in each of the regions. Social enterprise activity by municipalities is summarized in Chapter 5 as Table 4: Municipally-Owned Social Enterprises by Region, and Table 5: Municipally-supported Social Enterprises by Region.

Resulting data were coded manually by theme, while significant quotes illustrating these themes were recorded for use in the preparation of Chapter 5 and 6. This chapter summarizes: the level of knowledge among municipal people who were interviewed; details of municipalities’ social enterprise activity as practitioners and intermediaries, barriers to social enterprise development; effective municipal practices and; policies for social enterprise social development.

### 3.6 Phase 2: Social Enterprise Case Study Research

In fall and winter of 2016–2017, the researcher organized interviews and site visits with key people who were involved in the social enterprises. In some cases the interviews were conducted with a few individuals and in others with groups of people as shown below:

<table>
<thead>
<tr>
<th>Region</th>
<th>Social Enterprise Case Study Site</th>
<th>Number of Interviewees</th>
<th>Number of Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peterborough County</td>
<td>Keene Health Centre</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Peterborough GreenUp</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Huron County</td>
<td>Wroxeter Community Centre</td>
<td>10</td>
<td>1</td>
</tr>
</tbody>
</table>
The initial and follow-up interviews of 26 people were recorded and transcribed. The researcher documented the municipalities’ roles in the development of the selected social enterprises in more detail. The interview guide included questions to help describe: the social enterprise, community background, history of the development of the social enterprise, resourcing, challenges and successes, outcomes and enabling policies. This also involved research into the regional context, and focused discussions with officials and social enterprise leaders in each municipality (See App 7 for the Case Study Interview Guide).

Chapter 4 provides the full case studies that resulted from this research.

### 3.6 Phase 2 Data Analysis

Interview transcripts from Phase 2 were reviewed and analyzed. The structure of the interview guide was used to organize the key points in the narratives from the case studies. In some cases the interviewees provided their business plans and other key documents to help the researcher develop a thorough case study. The community benefits that the social enterprises provided were organized into the seven capitals using the Lang et al. (2016b, p. 33) revised and adapted community capitals framework from Flora and Flora, 2008. Lang et al. placed human capitals in the middle of the diagram as people were the key drivers of all social enterprise development.
Draft case studies were then sent back to interviewees for review and verification. Final changes were made as the researcher received a response from each site.

### 3.7 Cross-Case Analysis

As a final stage of analysis the researcher conducted a cross-case analysis. Appendix 8 provides a summary of the matrix that was used. The social enterprise case studies were compared, and through analysis the researcher determined that municipalities are acting as intermediaries and/or practitioners. This realization led the researcher to identify effective practices being used in each social enterprise, using *intermediary* and *practitioner* designations.
Once the distinction between intermediary and practitioner strategies was understood, cross-case analysis proceeded in three steps. First, data from all interviews were organized in a table identifying the various social enterprises highlighted in each region.

Next, the researcher organized interviewees’ responses on the variety of capitals available in municipalities for leveraging development of social enterprises. This led to the section below which describes the inputs to social enterprise development, and how they can be used to leverage change.

A further step in cross-case analysis was to identify which capitals were built in each case, leading to the description of the outcomes of the social enterprises.

The final step in analysis was a review of all data from Phases 1 and 2 of the research. This provided the structure for the following chapters. Chapter 4 provides the detailed case studies that resulted from Phase 2 of the research. Chapter 5 summarizes the key learning from the full research process, organized by research objectives.
Chapter 4: Social Enterprise Case Studies

4.1 Introduction
This chapter provides four regional case studies, including an introduction to the geography of each region and two (2) sample social enterprise case studies from each. Each case study is based on what interviewees said during the site visits and interviews. The interview transcripts were reviewed numerous times, and the resulting summaries were written using the data from the transcripts and the researcher’s knowledge of the current context for social enterprise development. The case studies all use narrative to describe the social enterprise, the community that it serves, the background and history to its development, its resourcing, its challenges and successes, enabling policies from which it has benefited, and community capitals that were built, using the Flora and Flora (2008) framework as revised by Lang, et al., 2016b.

4.2 Huron County
Huron County Context
Huron County is located in southwestern Ontario, on the coast of Lake Huron. It borders Perth, Wellington, Middlesex-London, Lambton and Grey-Bruce counties. Huron County is the most agriculturally-productive county in Ontario (Huron County, 2015b).
Figure 6: Map of Huron County Census Division (Statistics Canada, 2013b)

Huron County has a population of 59,100 across its 3,399.63 square kilometers (Statistics Canada, 2013b).

Huron County is often considered one of the most rural regions in the province. There are no urban centres with populations in excess of 8,000 residents. About 60 per cent of the population lives dispersed across rural areas. As in many rural areas, Huron County exhibits a high dependency ratio, a higher proportion of seniors, and a lower proportion of university graduates than the Ontario average (Huron County, 2010).

Many manufacturers are located within the County. Indeed, manufacturers make up one of the county’s largest employers, accounting for 16% of the total labour force of 30,470 people (Huron County, 2015b).
Huron County’s manufacturing sector has grown dramatically in the past decade. The value of manufacturing shipments from Huron County now exceeds the value of gross farm receipts from county farms (Huron County, 2015b).

Huron County is the most agriculturally productive county in Ontario, and a world leader in numerous areas of agricultural technology and innovation. The County has more farms (3,260), acres of farmland (711,525), and gross farm receipts than any other county in Ontario. The County has over 290,000 hectares (about 650,000 acres) of prime farmland, with diverse crops including corn, beans, grains and many other vegetables (Huron County, 2015a).

The largest inland grain handling facility in Canada is located in Huron County and it, and other grain handling businesses, are a major source of employment in the county. Tourism is the third major contributor to the local economy. Huron hosts many festivals, and has two theatres, which attract thousands of visitors every year. The natural shoreline, with its sandy beaches also draws many people to the county. In addition, annual events such as the Goderich Celtic Festival and the Blyth Threshers Reunion attract visitors to the region each year (Huron County, 2015c).

There are five smaller hospitals distributed throughout Huron County. Neighbouring Middlesex County also has a regional teaching hospital (in London). A network of social service and health organizations has formed a collaborative which works with people on social assistance and the working poor to improve access to services, food, housing and employment.

Huron County does not have any university campuses, but its proximity to London ON provides residents with opportunities to access both colleges and universities. Georgian College had operated a satellite campus in Seaforth for training nurses and other
health-care professionals (Huron County, 2009) but it closed recently. Fanshawe College has a satellite office in Goderich offering credits and various courses of study.

Huron County has access to very effective business development supports, through a number of avenues. The Huron County Economic Development Department offers business supports to both existing and potential businesses in Huron (Huron County, 2015b). The Huron Small Business Enterprise Centre has been one of the most active Community Futures organizations investing in, and supporting, social enterprise development. This centre works on social enterprise development in partnership with the county and local municipalities. Over the last 10 years, these collaborations have resulted in support for, and investment in, a number of social enterprises in the recreation, food and health sectors.

**Huron County Case Studies**
The Wroxeter Community Hall and the Goderich Port Authority are the two social enterprises selected for Huron County. These two case studies are very different in scale and represent the municipality as an intermediary and as a practitioner. In the case of the Wroxeter Community Hall, the municipality demonstrates effective practices for leveraging municipal policies to support a social enterprise, and thereby preserving a community hall. In the case of the Goderich Port Authority, the municipality works as a practitioner, creating a corporate structure that is at arms-length, but tightly held by the municipality, to keep a significant port open on Lake Huron, and to generate revenue for the preservation and renewal of the Huron waterfront.

**4.3 Wroxeter Community Hall**
There are hundreds of modest community halls throughout rural and remote Ontario, and many of them were built over a century ago. The oldest were built at a time when people could only travel short distances, often by horse and buggy. Many of these halls
are still owned by rural and remote municipalities, and they are often run by volunteer board members. The hall board typically operates, as a committee of council, to manage the building and raise funds to keep the hall open. These community spaces were centres of social gathering for many decades, and continue to serve as cultural assets for many small municipalities. However, as rural populations, and, hence, many experienced volunteers, are aging, finding a new generation to take the reins is increasingly important.

Given the age of these legacy assets, expensive maintenance and upgrades will be required. A significant number of these community halls have already been sold, because smaller municipalities do not have the financial resources to maintain them.

In Wroxeter, an Ontario village of about 400 people, the members of the hall board developed a creative idea for maintaining the community hall, and enhancing it for community use, by having the building licensed for alcohol sales. They also hold weekly Friday night pub nights that build strong social capital. These social enterprises have provided significant revenue for a very small community, and have revitalized the community hall.

The corporation of the Township of Howick has always owned the hall, which in turn has always been managed by a board. Ten years ago, the hall was threatened with sale and closure: the board members were getting older and burnt out, without any younger people coming up to replace them. In response to the threat of closure, the village consolidated their parks board, which had focused mostly on baseball programming, with the hall board. There was already significant overlap, in volunteers, between the two boards, so it made sense at the time to create a standalone board for both operational streams.
The board decided to save the hall by creating a social business. The concept was to have the building licensed by the Liquor Control Board of Ontario to serve alcohol. This license would provide the hall board with additional revenue every time someone who rented the hall for a function wanted to sell or serve alcohol. Most community halls are not directly licensed: people who want to run a social event or a community fundraiser often need to apply for liquor licenses for every event at which they want to serve alcohol. Likewise, without a standing license, hall renters may need to purchase insurance, often through the municipality, to decrease personal and public risks of liability and comply with per-use liquor license regulations.

In Wroxeter, the hall board has developed a social business around its now-licensed facility. The hall was, in fact, the only facility licensed to serve alcohol in the township for the first seven years of its operation. The license has brought in new revenues which permitted significant facility upgrades, while establishing and enhancing many social bonds within the village.

Once the building was licensed, the board started to host weekly Friday pub nights from 3:00 to 9:00 p.m. The board provides these weekly pub nights featuring a $5 dinner with a cash bar. The meals are prepared and served by volunteers to reduce overhead and increase revenue. About fifty people come out for this event every week. Many older townspeople come out to socialize. The meals are mostly prepared using donated food, while the hall pays for some supplies. At first the food was all donated, as there were no funds available to purchase it, but even now, three years later, about sixty percent (60%) of the food is donated.

When the liquor license idea was originally proposed, there was a lot of resistance from township council members. Following negotiations between community members and the council, the idea was finally approved. Now the full-time liquor liability insurance for
the building is held under the Township of Howick. The hall also follows Howick’s municipal alcohol policy.

The weekly pub nights have been running for the last nine years, since 2009. The hall board controls the bar for all functions in the hall. No alcohol is allowed into the building without the board members handling it. Every time the bar is open, the board generates revenue. The hall is rented for birthday parties, weddings, funeral memorials, and other community functions. For meetings, the rental cost is as little $50 for 4 hours or less. The whole hall, including the kitchen, can be rented for $150 per day.

All the revenue earned through these activities goes back into hall operations, maintenance, and social events. The money that has been generated to-date has all gone into renovating the hall. The hall now has a wheelchair elevator, new windows, new flooring and a generator.

Originally, the hall board had problems getting a liquor license because they weren’t a charitable organization, but rather a committee of council. They went to the local Optimist Club, which agreed to open the bank account needed for approval of the license.

The development stewarded by the hall board leaders have led to productive working relationships between the hall board and the municipality. In the past, the hall board members would approach the township council to ask for help with funding and applying for grants, but would often be turned down. Given the success of the social business, the last six years has been completely different. A few years ago, faced with rising energy costs, the board asked the township for some assistance heating the hall. The hall board received a thousand dollars, and has continued to receive the same amount annually for the past five years. Recently a, Howick Township staff person contacted the
hall board, asking if they would be interested in an automatic door opener, as a relevant grant had been found.

If it wasn’t for the hall board, Howick council would likely have closed the hall and sold it: the council itself did not have the capacity or budget to maintain it. Yet, the hall board has been successful in not just maintaining the hall, but in seeing it properly upgraded. Furthermore, they are building social capital among residents, offering consistent and low-cost community social events. Many older people are coming out to these events, reducing the chance of long-term social isolation.

**Lessons Learned**

- Municipalities can leverage their insurance and alcohol policies to create the conditions for community groups to generate revenue. This municipality has an alcohol policy to which that the hall board strictly adheres. The municipality also covers the insurance costs for the board, through its own insurance policy.
- Licensing public spaces for the sale of alcohol can provide consistent revenue to maintain these spaces.
- Volunteers can be critical in keeping costs low, to maximize profits on sales through businesses like this.
- Letting volunteers manage and develop strategies to maintain and enhance community assets can keep facilities viable without the need for significant resourcing from councils.
- Creating spaces and opportunities for more frequent community events can reduce social isolation in rural communities.

**Outcomes**

Built Capital: The Wroxeter Community Hall social enterprises began when the community hall was threatened with closure. The desire to preserve this built capital was the impetus behind the development of the social enterprises.
Human Capital: The threat of closure motivated a group of volunteers who wanted to keep their community centre public and open. They felt empowered to preserve and enhance the community centre; they set in motion a number of changes that led to the preservation and development of the centre. Volunteers began the process of establishing a number of revenue generating opportunities as a means of keeping the facility open.

Political Capital: The volunteer leadership for this social enterprise wanted to get the building a liquor license so that they could operate a bar in the community centre and further enhance interest in renting the hall. Since the municipality owned the building, the volunteers and local Council needed to work together on the application for the license. The municipality agreed to provide insurance coverage under their existing policy, as long as the group adhered to all of the municipality’s alcohol policies. The municipality’s political support provided a context within which the community group could move ahead with their social enterprise ideas.

Social Capital: The volunteer leadership group’s approach produced social capital in the form of citizen engagement and opportunities for inclusion through social events. This endeavor improved social and working relationships among the residents of the village.

Cultural Capital: The space was preserved for long-term community use. The weekly dinners continue to provide opportunities for recreation, music events and other cultural activities that have ensured the continued preservation of the hall.

Financial Capital: Using the hall rental, alcohol sales, and weekly community dinners, the community is able to generate revenue for the sustainable maintenance of the facility.


4.4 Goderich Port Authority

The Town of Goderich emerged between its port, and the largest operating salt mine in the world. The mine is expected to last for another hundred and fifty (150) years. The port is the largest asset owned by the municipality, and is used both by recreational boaters and shippers of salt and grain.

For a small community of about 8,000, Goderich has a pioneering attitude. It has developed innovative approaches to managing infrastructure and developing productive relationships between stakeholders in both the private and public sectors.

The approach that the town took to developing the port provided the primary local industry partner with significantly lower port fees, while maintaining municipal control of a crucial infrastructural asset. When the opportunity to purchase the harbour emerged, there were a few council members asking why the town should buy the harbour. In the end, it did not take much to convince them that if the town did not own the harbour and put a use program together, then industry would own it, and the town would retain no control.

In 1995, in reviewing the National Marine Act, the federal government became interested in divesting itself of all three hundred inland ports. Ultimately the act was not passed, but the divestment nevertheless proceeded. At the time, Goderich’s port produced more revenue than any other local port in Canada, through fees paid by the local salt mine owner, Sifto Canada Inc. The mine had been acquired by D.G. Harris and Associates in 1990, and is now part of Compass Minerals.

The transition of the port from the federal government to the municipality took four years. The Sifto Corporation declared that they would like to purchase the port, which
included the 55 hectare site, the break walls and other infrastructure. The federal government told Sifto that they could not own the port, but that the municipality could, and so agreements were entered into which benefit the town, the mine and the local public.

The port was valued at approximately seven million dollars, but the municipality negotiated a $625,000 purchase price, as the site would require $29 million dollars in capital repairs over the next 15-year period. The municipality paid the purchase price in 12 monthly installments in 1999. Around the same time, the Goderich Port Management Corporation (GPMC) was incorporated federally as a not-for-profit corporation. GPMC is accountable to the Corporation of the Town of Goderich and has a board made up of user representatives with governance currently being reviewed.

At the beginning of the process the town identified principles to guide the decision-making about the port. It needed, above all, to be an economically self-supporting facility, with public access maintained. The town could generate reserve funds from the user fees paid for the port.

Through the transition, the municipality was able to help Sifto (now Compass Minerals) while also asserting the town’s interests and ensuring the longevity of the facility. In 1995, Sifto was paying about two-and-a-half million dollars annually to the federal government for dockage and wharf fees. The federal government announced a thirty percent increase in 1999 and a further fifteen percent increase the following year. Sifto thought they were already paying too much. When the GPMC was set up, it called for a twenty-nine million dollar upgrade program, and lowered Sifto’s fees by one million dollars a year.

The not-for-profit corporation was set up to manage the port, so there were no significant municipal policy changes, Operating as a not-for-profit corporation involved
the development of some very complex agreements, however. Agreements were struck between the municipality and the GPMC for ownership and operation of the port. GPMC also negotiated separate agreements with the users, laying out port use rights and fee structures within the port corporation.

The revenue from the negotiated agreements is strictly earmarked for the waterfront. If the municipality didn’t have this deal, the town could not have afforded the twenty-nine million dollars in infrastructure upgrades the waterfront required. These upgrades were all secured without using municipal tax revenues, but instead via revenue from the corporation: dockage and wharf fees. The revenue is collected by the GPMC, and is then deposited into a major infrastructure account for use by the municipality.

Using the Compass Minerals fees, and other revenue, the entire upgrade of the port was completed at the end of 2016. The upgrades to the waterfront included the rebuilding of washrooms, and the construction of a public boardwalk. A connecting rail line was decommissioned and is now a walking trail. The station is now leased to a for-profit restaurant. This all happened because the municipality has the land, the revenue and the reserve funding to clean up and redevelop the port lands.

Goderich continues to develop its port, and is currently working on an infill project intended to provide more development on the site. In addition, council approved a million-dollar dredging operation, and the rebuilding of the south wall pier, for 2017. These upgrades are all funded through the fees charged to the port users. The Town of Goderich has benefited from owning the port. There are plans in place in the schedule of upgrades, which allow different projects to be approved every year. User-fee revenue from the port is expected to pay for any of the infrastructure needs into the future.

*Lessons Learned*
- Municipalities that take control of infrastructure from other levels of government can steward and develop these assets for community benefit.
- Maintaining ownership and operation of lands and infrastructure that serve private-sector stakeholders creates revenue needed to maintain and upgrade critical assets without increasing general tax rates or the burden on local industry.
- Charitable corporate structures set up by municipalities can own and manage infrastructure, maintaining and enhancing it as a public asset. The by-laws and board of such charitable organizations can be structured to maintain control while operating outside the corporate structure of the town.
- Public infrastructure that comes up for sale can be transferred or purchased by municipalities, but it is important that there is a business plan for both short, medium, and long-term revenues, and for capital costs.

**Outcomes**

Built and Natural Capital: When the federal government was selling the Goderich Port, the town decided to purchase it. Through its negotiations, the municipality secured ownership of the built and natural capital of the harbour, including the waterfront areas of the town around the port. Successful business planning allowed the built and natural capital of the port area to "pay for itself" and its improvement.

Human and Social Capital: The council and staff of the town of Goderich developed significant human and social capital through the four-year purchase process, and through the subsequent operation of the GPMC social enterprise. It is likely that in structuring its operations so as to be able to reduce port fees for the private sector, the municipality gained social capital in its relationship with local industry.

Financial Capital: The purchase negotiations lasted four years, and required the development of numerous financial arrangements between the federal government and
the municipality. The town successfully negotiated a low purchase price, reflecting the site’s need for capital maintenance projects. The business plan for the port included a strategy for paying off the debt from the sale in a short period, thereby creating the conditions for the asset to more-rapidly generate revenue to the town. The town developed a long-term capital improvement plan; as it earned revenue through the port and the harbour, the profits were used to implement that plan. The social enterprise generates revenue that continues to enhance the harbour and shore.

Political capital: The municipality used political capital in its negotiations for the purchase of the port lands from the federal government. Political capital was further exercised in setting up a charity to maintain control of key built and natural capital located in the town, without the town directly owning and managing that capital.

4.5 Context for the Kenora District

Kenora District begins near the southwestern edge of Ontario, and extends north all the way to Hudson’s Bay. It borders the United States and Manitoba. At more than 400,000 square kilometers, it is the largest division of land in Ontario. The 2011 census of Kenora District included 49 Indian [sic] settlements or reserves, and four dissolved Indian [sic] reserves (Statistics Canada, 2012a). A significant amount of the district is unorganized territory (a geographic region in Canada that does not form part of a municipality or Indian reserve). Kenora District was home to 57,607 people in 2011, down 10.6% from 2006. The district’s largest community is Kenora, whose population (15,348) represents 26.6% of the region’s total (Statistics Canada, 2012a). Dryden is the second largest urban area in the district (after Kenora) and acts as a second

---

4 This context description is a summary from the researcher’s report “Rural Social Enterprise and Community Ecosystem Development: Policy Leverage Points,” Lang, et. al, 2016b.

5 The author is aware of the complicated history of nomenclature with respect to Indigenous and Aboriginal communities. Indian Reserve is used by Statistics Canada, and the word “Indian” remains relevant insofar as it connects these communities to the Indian Act, which remains in effect to this day.
geopolitical hub in the region: “Dryden is experiencing a back-to-the-land movement, [with people being] drawn by cheap land, clean water and air, and attractive lifestyle and landscape” (Statistics Canada, 2012a). This movement is proving to be very helpful for organizations intent on scaling up to distribute local food throughout the region (Statistics Canada, 2012a). Sioux Lookout, with a population of around 5,000 people, now plays a major role as a transportation hub for Ontario’s North. Significant factors in the growth of this role include the development of airports and scheduled daily air services into the 30 First Nation communities north of Sioux Lookout with no road access.

Kenora District’s population is, overall, slightly younger than that of the rest of the province, with a median age almost 2 years lower. Roughly half the adult population is married or in a common law relationship, and roughly another quarter has never been married.

The Kenora District is home to just under half of the native Indigenous language speakers in the province, and the majority are Oji-Cree speakers. 1,905 residents speak a mother tongue other than English, French or Indigenous languages (Statistics Canada, 2012a).
The workforce participation rate in Kenora District, as of the 2011 National Household Survey, was 63.7%. Like other rural communities in Ontario, unemployment is relatively high (10.2% as of 2011 Census). The median income as of 2011 was $30,032. The incidence of low income for adults (aged 18–65) was 9.1%, while for minors (less than 18) this rose to 14.2%, and 18.8% for young children (less than 6 years) (Statistics Canada, 2013a).

The establishment and growth of First Nation governance and service agencies in Sioux Lookout includes social services, tribal councils, health, education and training services. The continued, and growing, business investment from First Nations into Sioux Lookout include air services, restaurants, retail, hotels, forestry industry and training centres.

Note: global non-response rate to survey instrument was 34.3%, and the data presented “excludes [NHS] data for one or more incompletely enumerated Indian reserves or Indian settlements.”
The Northwest Business Centre (NWBC) is the primary resource for small business in the Kenora and Rainy River District (City of Kenora, 2017). The Centre “offers free and confidential one on one support through personal consultation” (City of Kenora, 2017). They provide assistance for businesses seeking funding, and run events in Dryden, Ear Falls, Fort Frances, Kenora, Red Lake and Sioux Lookout (City of Kenora, 2017).

The Dryden Development Corporation (DDC), Northwestern Business Centre (Northwest Business Centre, 2017), Northern Ontario Young Entrepreneur Program, Small Business Internship Program, and Northwestern Ontario Innovation Centre provide business development supports (City of Dryden, 2017). The Dryden District Chamber of Commerce, the Dryden Marketing Association and the local Community Futures Development Corporation office, known as Patricia Area Community Endeavours (PACE), also provide business support (Patricia Area, 2017).

Post-secondary education institutions in Kenora District include Confederation College, with the Lake of the Woods campus based in Kenora (and its main campus in Thunder Bay) and the Seven Generations Educational Institute (in Kenora) that is “designed to provide for the education and training needs of the Aboriginal people in our Tribal area” (Seven Generations, 2015). Seven Generations is planning to open a campus in Dryden in the future. Universities in Manitoba (e.g. University of Winnipeg) or in northern Ontario (e.g. Lakehead University in Thunder Bay) are the closest opportunities for university study. Further online learning services are provided locally (Study Online.ca, 2017).
As mentioned above, Kenora District includes Indian Settlements or Reserves, and four Dissolved Indian Reserves (Statistics Canada, 2012a). The Nishnawbe Aski Nation (NAN) represents the political interests of many Indigenous people in northern Kenora. NAN is “a political territorial organization representing 49 First Nation communities within northern Ontario with the total population of membership (on and off reserve) estimated around 45,000 people. NAN encompasses James Bay Treaty No. 9 and Ontario’s portion of Treaty No. 5, and has a total land-mass covering two-thirds of the province of Ontario spanning 210,000 square miles. The people traditionally speak four languages: Oji-Cree in the west, Ojibway in the central-south area, and Cree and Algonquin in the east.” Southern Kenora is Treaty 3 territory, represented by the Grand Council Treaty #3 (Nishnawbe Aski Nation, 2017, “The Grand Council Treaty #3”).

The region also has significant unincorporated areas that are represented by a ratepayers’ association. The District of Kenora Unincorporated Areas Ratepayers Association (DOKURA) is not a rural municipality. It is, rather, an organization representing the interests of the residents of the unincorporated territories. It represents all people in the areas outside the nine municipalities in Kenora District (District of Kenora Unincorporated, 2017).

All of the municipalities in this district include many First Nations residents. Some include as many as 60% as in the case for Sioux Lookout (Wikipedia, Sioux Lookout, 2017).

**Kenora District Case Studies**

The Kenora District case studies are both focused on distribution. In the case of the Sioux Lookout Regional Distribution Centre, the social enterprise is owned by First

---

7 The author is aware of the complicated history of nomenclature with respect to Indigenous and Aboriginal communities. “Indian Reserve” is used by Statistics Canada, and the word “Indian” remains relevant insofar as it connects these communities to the Indian Act, which remains in effect to this day.
Nations and designed to lower the cost associated with the movement of goods to and from Ontario’s remote, fly-in, First Nations communities. In this case, the municipality, as an intermediary, has supported the development of the social enterprise in a number of ways. The Cloverbelt Local Food Co-op was started to link farmers with consumers interested in local food. In this case, the municipality has provided significant support to ensure the success of the social business, by also acting in an intermediary capacity.

4.6 Sioux Lookout Regional Distribution Centre

Remote Ontario First Nations face significant food insecurity. A study led by the Nishnawbe Aski Nation (NAN) concluded that “the importation of food to NAN communities is by no means a ‘single system’: there are many actors bringing food into communities, by many different supply chains. It was clear to our researchers, however, that the prevailing factor leading to high food costs was the high cost of transportation and storage. Without significant investment in transportation and storage infrastructure, these real costs cannot be diminished: someone will continue to have to pay for them” (Kiitigaan Aski Food Distribution Pre-Feasibility Study 2015/2016: 42).

The Regional Distribution Centre is an ambitious social enterprise intended to offer warehousing and hangar space at the Sioux Lookout Airport for short-term storage and the aggregation of foodstuff and other products en route to remote communities. A further operational stream will offer logistical expertise to remote communities, to assist them in lowering costs by improving transportation efficiency.

Sioux Lookout, 378 km northwest of Thunder Bay, has a population of about 6,000. There has been significant growth of the urban indigenous population in Sioux Lookout which is now estimated to be about half of the total population.
The population is younger than the rest of Ontario, with significantly lower levels of educational attainment. The labour force by sector includes roughly 25% in sales and service; 25% in education, law, social services and government; 13% in trades; 14% in business, finance and administration; 1.9% in agriculture and natural resources (Turning Ideas Into Action, March 2017 PP).

The largest public sector employer, Meno Ya Win Health Centre, employs almost 4 times as many people as the largest private sector employer. The hospital’s 60-bed facility serves 30,000 outpatients per year – more than the number of people in the whole region. Ten of the fifteen directors for the hospital are Indigenous persons.

Once the distribution centre is built, there will be improved distribution and logistics capability, and new opportunities for isolated Indigenous communities. The centre is not yet operational; business planning documents project that up to 7 Full Time Equivalents (FTEs) will be created.

The Centre, which will be built in 2018, will include a 20,000 square-foot food distribution centre located at the Sioux Lookout Airport. The facility is intended to include secure, temperature-controlled dry storage, freezer/refrigerator spaces, and 750 square feet of office space.

In addition to being a distribution centre for sending goods into northern Ontario, the enterprise models will include the potential of backhauling goods out of the communities on return flights. This backhauling could include seats for travelers on the airplanes returning from their destination, and increased economic development opportunities through reductions in outgoing transportation costs for arts and crafts, country food, or even manufactured and processed goods. The backhaul could also include recyclable waste materials that are not currently recyclable in remote communities. This would increase the lifespans of remote community landfills.
The Truth and Reconciliation Commission (TRC) has significantly influenced Sioux Lookout’s commitment to the regional distribution centre. With a population that is 50% Indigenous, Sioux Lookout has developed a plan of action in support of the TRC’s (2015) calls to action. They have set up a Committee on Truth and Reconciliation that is organizing and hosting events to create an inclusive environment in the town. The town has developed friendship accords with neighbouring First Nations over the last few years.

TRC’s call to action is having an effect in a lot of different places, where municipalities are formalizing relationships to make it possible to bring economic and social development to First Nations people in municipalities, and in reserve communities. The friendship accords, and many years of relationship building and negotiation, have led directly to the Regional Distribution Centre.

The Mayor and the Economic Development Officer in Sioux Lookout have been providing support for this social enterprise for over five years. The need for northern food systems intervention has been noted by all signatories to The Sioux Lookout Friendship Accord: Sioux Lookout and the First Nations of Kitchenuhmaykoosib Inninuwug (KI), Lac Seul, Slate Falls and Cat Lake.

The ownership structure is currently in development, with Lac Seul and Kitchenuhmaykoosib Inninuwug First Nations making up the founding members of the board of directors for this social business. The Municipality of Sioux Lookout will likely also continue to play a critical role.

The collaborative’s intention is to develop an enterprise that will be owned by Petakaywin Development Corporation. This new social enterprise will work with the
other regional air carriers and transportation companies to come up with more cost-effective models that provide the service level objectives of the business.

The enterprise is not exclusively committed to any one airline carrier or transportation company; it will identify partnership opportunities through tendering processes. The social enterprise will not itself purchase or procure food or other goods on behalf of the communities, but will be the centre that goods flow through while on route to or from communities.

The chiefs who are on the board of directors of the social enterprise want to support NAN’s Food Strategy by being a logistics and transportation hub that decreases the cost of goods, particularly those moving into NAN territory.

Air transportation is critical for many NAN communities. While some communities have seasonal access to winter ice roads, air links provide the only year-round access to remote and isolated communities. Providing fresh fruits and vegetables, and other perishables, can help promote a healthy population, and for remote NAN communities, air transport is currently the only feasible way to do that. Air links also ensure a constant supply of medical devices, drugs and other critical supplies.

This social enterprise is an excellent example of municipal and First Nation collaborative development. Throughout the development of the concept, feasibility study and business planning, the municipality has provided expertise and facilitation pursuant to the friendship accord. It has been a partner in further funding applications related to airport infrastructure development.

The Regional Distribution Centre will connect with the existing air service network at Sioux Lookout, and is not designed to compete with the bulk cargo operations based in Pickle Lake and Red Lake. The focus of this collaborative social enterprise is on high
value, fresh or time-sensitive health and food products, or other special items requiring special handling (e.g. oversized, high volume/low weight.)

The mayor and council of Sioux Lookout have been supporting the project, providing leadership and resources since the idea first emerged. In addition to working with First Nations to develop friendship accords, the municipality has contributed a significant portion of its economic development officer’s time to the project.

There are two really important aspects to this project. One is building good relationships with First Nations and the other is the focus on solving big problems. The municipality is the partner who funded the collaborators to continue to grow and work closely with them. When they were struggling, the municipality worked with the partners to continue to move things along.

Eighteen of twenty-nine First Nations that would potentially be served by the centre have been following the development since inception by attending meetings.

Since the beginning, the municipality has been transparent about its interest. This will provide revenue, but is also an important project for disaster relief and health preparedness.

The municipality and other collaborative members have been active in seeking potential customers for the Regional Distribution Centre. The current medical supply warehouse is in an old site. Recently the warehouse operators indicated that they want to vacate the site. They suggested that the new centre may be a perfect opportunity to hand the warehousing of medical supplies over to First Nations. The centre is thus planning to become the site for the medical supply cache, which will provide a core stream of revenue. This potentially provides an anchor tenant. The relationship that is being developed with Northern Ontario’s Fruits and Vegetable Program also increases the
potential for major stable partnerships. Significant energies are currently focused on partnership creation, which are likely to dictate the success or failure of the venture, and how the government perceives the centre as a trustworthy and effective partner.

The business plan estimates that the building and initial start-up expenses will cost approximately $5.1 million, with operating costs estimated to be about $1.1 million annually.

Key customers would include:

- 31 Remote Communities – grocery retailers, convenience stores, and/or consumers
- Northwestern Health Unit – Northern Fruit and Vegetable Program
- Canadian Red Cross – disaster relief supplies
- Health Canada – warehousing and shipping medical supplies
- 20 private sector partners – various industries

Capital financing for the centre is being sought from:

- FedNor
- Northern Ontario Heritage Fund Corporation
- Indigenous and Northern Affairs Canada

Assistance with operational funding may also be possible through a pilot program to redirect the Nutrition North Canada (NNC) subsidy.

The municipality has, thus far, received no funding from any other level of government. It is funding its involvement through municipal taxes. The municipality also knows that the centre is not going to be successful without the NNC food subsidy. The partners are
currently working with the federal government to negotiate the terms of the NNC subsidy.

According to the partners, the distribution centre will bring many benefits:

- As a First Nations-led social enterprise, the centre will build capacity, and inter-community cooperation
- Remote fly-in communities will have access to better quality food
- Consolidation of existing air transportation payloads maximize the utilization of “empty legs” returning from the communities, increasing efficiency
- Consolidation of a number of deliveries into a single shipment, rather than multiple deliveries from different vendors, thus reducing administration and processing costs
- Perishable food will get to the communities more quickly, thus improving its condition at time of consumption. This may lead to more healthy choices, and improved quality assurance
- The centre will increase the overall capacity of the current supply chain by improving warehousing capacity in Sioux Lookout. Many communities currently have limited warehousing capacity, and therefore cannot accommodate large shipments from suppliers. The centre could shift the burden of storage so that stock can be drawn in smaller quantities, as needed by end users.
- There will be increased security on shipments through the secure warehouse facility
- The centre will create jobs in Northern Ontario. The projected employment for the centre is seven full-time jobs
- Increases economic opportunities and participation of Indigenous communities
- Strengthen partnerships that advance regional priorities and benefit multiple communities and/or sectors
The municipality has had some recognition from the province for acting in a development role. Sioux Lookout is being recognized in programs, even to the extent of being accepted as an entity to apply on behalf of partnered First Nations. Sioux Lookout is the only municipality the researcher knows of, in Ontario, with this privilege. As the municipality’s role in economic development facilitation with First Nations has developed, the economic development department has become the go-to department for outside funding opportunities. But this department is limited to effectively one person.

The provincial government recently announced that they would find the municipality some support, because opportunities of this scale only happen every few decades. These opportunities happen so rarely because there’s “nobody there to glue everybody together.” Industry partners including private firms will likely subsidize some of the facilitation for the collaborative partners in the future, but for now the municipality is providing the time and leadership to shepherd this social enterprise forward.

**Lessons Learned**

- Municipalities that build relationships with First Nations make it possible to solve complex problems
- Friendship accords between municipalities and First Nations can lead to social enterprise ideas that provide economic, social, and cultural benefits to both
- Municipalities can support social enterprise ideas by taking care of the administrative burden. Staying on top of the administration of complex social businesses is an important piece of the work, one that is likely to require significant effort by paid staff. The burden is usually too heavy for volunteers.
- Municipalities can provide helpful early facilitation and coordination prior to a social enterprise launch
- Municipalities have more flexibility than other levels of government, and so can be instrumental in assisting with early stage development of ideas. Federal and provincial funding windows are not usually flexible enough to support good ideas, discussions, and momentum when they're most needed. This may be the case for many social enterprises in the province where practice is preceding the policy tools that could help them innovate.

**Outcomes**

Political Capital: The Regional Distribution Centre has been a key economic development activity that is resulting from the successful development of political capital between the municipality and several First Nations.

Social Capital: The municipality of Sioux Lookout developed positive and productive working relationships and friendship accords with several First Nations. First Nations leaders and municipal staff worked together through a process that developed good working relationships, skills, and expertise in the transportation of goods to remote first nations.

Built Capital: The built capital at the Sioux Lookout airport was the perfect place for a new facility to warehouse goods for remote communities.

Human Capital: The social enterprise aims to create jobs in the field of logistics.

Financial Capital: The warehouse will contribute to the revenues available to its First Nations owners and operators. Depending on how the enterprise is structured, there is also an opportunity to increase access to food and other goods by lowering costs through improved efficiency in the supply chain.
4.7 Cloverbelt Local Food Co-op – Dryden Ontario

Ontario is currently experiencing a strong “local food” movement. Consumers are more interested in where their food is coming from, and want to buy directly from local farmers.

Cloverbelt Local Food Co-op (CLFC) is a non-profit, multi-stakeholder co-operative with a varied membership of food producers, consumers and institutions. It was formed to support a strong local food movement in Northwestern Ontario. The co-operative links producers to consumers directly, through its online system. CLFC strives to foster a thriving local food community by cultivating and facilitating farmer-consumer relationships, and promoting the enjoyment of naturally grown, fairly priced, healthy food. CLFC also provides education and resources regarding sustainable agriculture. CLFC uses free and open-source website software to coordinate food ordering and deliveries.

CLFC incorporated in December 2013, following eight years of development. The co-operative’s mission is to become the central hub for production and distribution of local food in Northwestern Ontario. Ontario’s current food supply chain is focused to the south. For Northwestern residents, this is often problematic (e.g. in the winter) and expensive. Sourcing local food not only provides farmers with increased margins and markets, but keeps prices lower, reduces transportation times and costs, provides fresher food, helps to grow a northern agricultural base, and contributes to northern livelihoods.

CLFC’s purpose is to revive the agri-food sector by uniting the local food community and enabling year-round local food sales. In response to a 2011 feasibility study, and with support from the Kenora District Soil & Crop Improvement Association, Patricia Area Community Endeavours (PACE), and the Northwest Training & Adjustment Board, CLFC incorporated as a non-profit, multi-stakeholder co-op. It began accepting
memberships in October 2013. Cloverbelt boasted 100 members before incorporation was even complete. CLFC’s website launched in December 2013.

The co-op is devoted to its multi-stakeholder structure; it welcomes a variety of different sorts of members, including institutions, into the furthering of its mission. Institutional members have been instrumental in providing in-kind and financial contributions. They have also been communicating their enthusiasm for the co-op to their peers and to stakeholders in other communities, building enthusiasm for the co-op across the region.

Ongoing operational costs are covered by a sales surcharge to both consumer and producer members, but these charges are kept to a minimum by additional, ongoing, in-kind contributions. The co-op has grown from 5 producers and around 700 member-consumers in 2015 to 100 producers and 1,000 member-consumers, as well as 26 organizational memberships, in 2017. The co-op currently has five distribution centres located across the district: Kenora, Ignace, Upsala, Sioux Lookout and Dryden.

Producers are located as far afield as Emo and Thunder Bay, meaning that the impact of CLFC is not bounded by the Kenora district’s limits. In an isolated community like Dryden, CLFC is demonstrating the power of online food brokering between producers and consumers. Members from as far as 400km away are working through the organizational core in Dryden.

Partnerships with key community institutions have broadened CLFC’s network and facilitated connections that have been critical to its growth. Connections with public institutions have been made, and the co-op has their support as it expands. These supports include the Ignace Health Unit, a department of the municipality, which houses a drop-off site. Ignace residents have expressed significant interest in the co-op and local food education through the municipal health centre (e.g. a community garden.
where there is “crazy interest.”) CLFC entered the Ignace and Upsala markets in March 2015, and continues with monthly deliveries there.

Since the CLFC was incorporated in the fall of 2013, some four years ago, it has grown at a rapid pace. It is clear that there is a keen interest, in both for local food in the north, and in the co-op itself. People are changing the ways that they access food, using more of what is available in the north, and bringing more local control and impact to their food systems. This allows for more direct consumer understanding of quality, pricing and variety.

Partnerships were also crucial. As noted earlier, CLFC attributes much of its success to its partnerships with other organizations and individuals who were all committed to making it a success. Partners have included the City of Dryden and Dryden Development Corporation, local municipal health units, Northwestern Health Unit, Food Security Research Network (FSRN) at Lakehead University, the Dryden Agricultural Society, PACE, and many others.

Thanks to its partnerships the CLFC has been able, for example, to obtain office space, distribution locations, coolers for storage, a refrigerated trailer for transport, free advertising opportunities, partners in funding applications, and a broader network of producers and consumers. A diagram prepared by the FSRN (below) illustrates the connections between partners, funding opportunities, and other resources that have been instrumental in CLFC’s growth.
Figure 8: CLFC Connections between partners, funding opportunities, and other resources (Nelson, C.H., Stroink, M. and Kerk, K., 2012).

Cloverbelt's sales have increased rapidly. In 2013 gross sales were $13,546. In 2014 that jumped to $203,479. By 2015 sales were $270,000 gross revenue to the end of December 2015. The 2016 budget was over $400,000, but this figure also included several grants in addition to member service operations.

The municipality's role in the development of CLFC has been instrumental to its success. The mayor and council unanimously approved the 20-year lease for the community greenhouse location in a prime commercial location, adjacent to a commercial business park that is undergoing development. The city is also willing to accommodate where they can with zoning. The mayor and council continue speaking to provincial and federal government representatives about prohibitive policies that limit the growth of small-scale agriculture.
In November 2014, an Indigenous group from Kitchenuhmaykoosib Inninuwug (KI) joined CLFC as a producer member, providing handmade crafts, art and mukluks for CLFC consumers. Located 435 km north of Sioux Lookout, this group further expanded the geographical and product range of the co-op. CLFC continues in discussion focused on the potential for a reverse economy to close the food transportation loop and develop CED opportunities on remote First Nations like KI.

Interviewees talked about how they believe that the provincial attitude towards the north is “appalling.” Agriculture is a staple of economic development in this area, so there is a need to enhance the ability of young farmers to get land and work it. Respondents made suggestions to improve the restrictive farming policies that are limiting people to the point where they won’t be able to recruit and keep farmers.

These suggestions included:

- Lifting quotas
- Focusing on local work (vs. provincial) because it makes more sense financially
- Working closely with municipality, CFDCs, economic development: in smaller communities these stakeholders are tight-knit, and do whatever they can to help each other
- More policies that specifically support northern agriculture

The growth of this social enterprise speaks to its success. With over a thousand members now purchasing from local farmers and producers, this social enterprise is changing the food economy in Kenora District. Producers are now planning their crops and adjusting their livestock production based on the previous year’s purchases.

Dryden, Kenora and other Northern municipalities have been instrumental in the development and success of this social enterprise. They have provided food drop off space in the communities that are participating. Dryden has provided significant support
by endorsing the building of a greenhouse on municipal land with a long term no-cost lease.

A regional economic development council has formed in the last few years to work on economic development from a regional perspective. The council meets quarterly. At a recent meeting of North West Ontario Regional Economic Development Council the council was introduced to social enterprise in a presentation by Cloverbelt. In March, 2017, the council unanimously approved supporting the Cloverbelt transportation and local food charter projects. This is the first regional endorsement by all members, and it is also a social enterprise.

**Lessons Learned**

- Long-term no-cost leases for surplus municipal land and buildings can help social enterprises develop. Cloverbelt has enjoyed ongoing municipal support that has been critical to its success
- When a municipality acts as a co-applicant for funding it adds significant credibility to social enterprise. Dryden and Sioux Lookout have both partnered on funding applications with Cloverbelt
- The municipality can link people from social enterprises to neighboring municipalities and other intermediary organizations to build the success of social enterprises
- Municipalities can assist social enterprises with significant promotion services such as advertising and business listings, and highlighting the social enterprise on their websites
- Municipalities can provide in-kind consulting services using municipal economic development staff to strengthen the business aspects of the social enterprise opportunities in their regions
- Municipalities can begin to capitalize on local social enterprise opportunities simply by being open and receptive to citizens’ ideas and aspirations.
• The municipality can provide links for the social business to the regional economic development system

**Outcomes**

Political Capital: Dryden supported the results of 10 years of research into building a local food distribution system. As an institutional member of the co-operative, the municipality supported the development of the co-operative in marketing, co-applying for grants and management consulting.

Social Capital: The city used its connections to build support for the co-operative. Once the decision to develop a co-operative distribution system was made, citizens, farmers, and key institutions worked together to build, develop and grow the co-operative.

Human Capital: Farmers and consumers use their skills to enhance access to local food.

Built Capital: Surplus municipal land is now used for a greenhouse for food education and production.

Financial Capital: The co-operative has been instrumental in bringing hundreds of thousands of dollars to the municipality and region. Farmers have increased their sales and local people are able to access local food and goods.

**4.8 Peterborough County Context**

Peterborough County is located just north of Lake Ontario, occupying almost 4,000 kilometers between Kawartha Lakes in the west and Hastings in the east. Peterborough County further borders Haliburton County to the north, and Northumberland to the south. Peterborough includes eight townships and two First Nations. Its largest
settlement is the City of Peterborough, whose administration is separate from that of the county. The county is roughly divided into the north and the south, with the north possessing more “lakes, rivers and diverse landscape,” that is “predominantly used for seasonal recreational use.” The south is “predominantly agricultural, with several small urban communities.” (“Peterborough County,” 2017).

**Figure 9: Map of Peterborough County**

In 2011, Peterborough County’s population was 131,925. Slightly more than 100,000 of Peterborough’s residents are at least third-generation Canadians. The total visible minority population is just above 4,000. The Aboriginal population is 4,810.
Peterborough County’s median age (45.7) is just over five years greater than the provincial average.

Peterborough County has a workforce participation rate of 59%, and an unemployment rate of 8% (Statistics Canada, 2011, “National Households Survey Profile” [NHSP]). The largest number of occupations are in sales and service occupations, accounting for 25% of all occupations in the county. The next two largest occupational categories are trades, transport, equipment operators and related occupations (14%), followed by business, finance and administration (13%), and occupations in education, law and social, community and government services (13%). Fully two-thirds of the labour force work 49–52 weeks per year (Statistics Canada, 2011, “NHSP”).

The median income in the county was $28,992 in 2011. Incomes are split relatively evenly between the top and bottom halves of the Canadian income distribution; 51% of people in Peterborough county fall in the bottom half, and 49% in the top half. The prevalence of low income in 2011 was 13.6% overall, but a full 20% for people under 7 years of age (“Statistics Canada, 2011, “National Households Survey Profile” [NHSP]).

The largest employment sectors in the county are health care/social assistance and retail trade (13% each) (Statistics Canada, 2011, “NHSP”). No other sector employs more than 10% of the population, yet educational services and manufacturing each contribute about 9% of the jobs in the county (Statistics Canada, 2011, “NHSP”).

Peterborough and the Kawartha Economic Development runs a business advisory centre, which offers information on sectors including advanced manufacturing, aerospace, agriculture, nuclear energy, tourism, and water technologies.

Loans, grants and other resources are also available through Community Futures Peterborough. The Greater Peterborough Innovation Cluster also provides
programming in accordance with its mission to drive “technology based, innovation focused, and entrepreneur led economic growth and job creation by supporting new company formation and growth” (Greater Peterborough Innovation website, 2017). The Cluster is attempting to “enhance entrepreneurship” through “business incubation; networking opportunities; participatory learning; mentoring” (Greater Peterborough Innovation website, 2017). The City of Peterborough is home to Trent University, Sir Sandford Fleming College, Master’s College and Seminary, Kawartha Lakes Bible College, and Trillium College.

**Peterborough Case Studies**

The case studies highlighted from Peterborough County include the Keene Health Centre and the Peterborough GreenUp retail operations. The Keene Health Centre provides a good example of a rural municipality as a practitioner using its infrastructure to support bringing health services to its community. The Peterborough GreenUp retail operations and community service contract provides a good example of how a municipality can act as an intermediary to achieving its own environmental outcomes by supporting a nonprofit.

**4.9 Keene Health Centre**

Rural communities are often under-served by medical professionals. To attract health care professionals to their communities, many rural communities build or operate medical centres and then offer them as office and/or clinic space to new health providers. Access to health care is often a consideration when people move to less-populated areas, and therefore the presence of a health centre can further entice new residents to rural areas that have difficulty maintaining population levels.

The Keene Health Centre is located in the village of Keene, which has a population of about 500 people. Keene is within the Township of Otonabee–South Monaghan. The
The township has an overall population of almost 6,000. Close to the centre of the village of Keene, the Keene Health Centre provides 1,200 people with medical services. The centre provides an alternative to other medical services located further afield. It has shorter waiting times, free parking, and is much closer than the regional hospital is for rural citizens, many of whom lack access to public transportation. People from Millbrook, Havelock, Hastings, and Lakefield all come to the centre. The centre operates through a partnership between the municipality and the Victorian Order of Nurses (VON).

The Centre building was built in 1972 to serve as the Lion’s Club location. In 2003, the building was donated to the municipality by the Lion’s Club. In exchange, the club moved to a space in the old town hall, another municipally owned building.

Early on in its development, the municipality worked with Peterborough Public Health to access funding to set up the centre, and to staff it with nurse practitioners. A few years later, the health unit gave the municipality notice that they needed to shut down the medical centre. The municipality didn’t have the financial or staff resources to run their own clinic. They partnered with VON to keep the service in the community. Although it was a challenge at first, to build community confidence, because no one knew what nurse practitioners were, within a few years the centre was being well used. Once the community bought in to the idea, it flourished. Now, because of the partnership between the VON and the municipality, the centre is running well and is well-used.

With the VON as the service partner and the municipality as the infrastructure partner (i.e. landlord), the centre is now stable. The municipality covers all operating costs including heat, utilities, plowing, grounds, maintenance and capital repair. In this case, the municipality is not generating revenue through renting the building, but operates at a deficit to keep the health services available locally. This deficit is the municipality’s way of supporting health care for its residents.
The partnership between the municipality and the VON provides both parties with a manner of supporting the health of the residents. Some may question why the municipality is engaged in health care, which is a provincial responsibility, and why local tax dollars are going into local health care. Quite simply, the municipality has taken the responsibility of upgrading and maintaining this older building because it is committed to keeping health services readily available for local residents. This, in turn, ensures that there are local residents to serve.

The municipal contribution to the health centre is seen, in a sense as providing, time to the people in the village and surrounding area. People who access the centre do not have to drive such great distances for health care. Also evident in this case is that the nonprofit spends more time with patients than someone would if running a for-profit business. The municipal contribution, in a sense provides, time. It’s hard to quantify this qualitative measure in metrics.

The Keene Lion’s Club is now in the old town hall, and they are making upgrades and investing in a municipal building. They pay some rent to the municipality. The creative use of nonprofit and municipal infrastructure is a win-win from a community standpoint.

**Lessons Learned**

- Provide access to municipally-owned space for non-profits that can provide services which would typically not be available in areas with low population density
- Being a landlord for a variety of non-profit organizations provides opportunities for collaboration that can significantly benefit citizens
- Municipalities can work with partners in the community to keep infrastructure that can be repurposed
• Be flexible, and let partnerships evolve in the early stages; don't get stuck on what “cannot be done” because of existing policies

**Outcomes**

Political Capital: The municipality developed an agreement with a health organization to bring the health services to the town. The municipality has a commitment to keep and enhance its community building legacy.

Social Capital: The municipality and a service club enhanced their relationships to manage community buildings.

Built Capital: A building that had been donated to the municipality by a local service club was renovated and then used to house a medical team that provided medical services to residents.

Financial Capital: Municipal maintenance of the building is carried as an expense for enhanced community outcomes. Local residents are able to access health services locally, saving travel expenses.

Human capital: Community members have better local access to medical expertise and services. New residents are drawn to the region, and young residents are encouraged to stay, thus maintaining population levels.

**4.10 Peterborough GreenUp**

Peterborough GreenUP is an environmental charity active across Peterborough County. It operates two social enterprises. Peterborough County has a more localized economy than communities closer to the GTA, given its great distance from Toronto. Research
participants described strong cross-jurisdictional collaboration, especially in the environmental sector, between municipalities and county governments in the region.

GreenUP’s first enterprise is GreenUp Ecology Park, a five-acre market garden for teaching and demonstration. The park has been developed over twenty years, and includes a native plant and tree nursery. They sell plants and compost to the community to help remediate or improve the ecological impact of Peterborough’s front lawns. The second social enterprise is a GreenUP store and resource centre. Its mandate is to give residents access to environmentally friendly products and services. The items for sale mostly relate to their programs, but there are also opportunities for commissions with local artists, natural body products, litterless lunches and natural cleaning products.

GreenUp has historically focused on the urban centre, but has grown its connections across the region. It developed from a sustainability roundtable established in the 1990s. One of the outcomes was the recognition of the need for an organization that could address the complex environmental issues facing the County, in a way that the municipalities were unable to, or uninterested, addressing them at the time. With a New Democrat provincial government in place, there were enough funds to start GreenUp. When the government changed in 1995, many organizations like GreenUP had to close their doors, or move toward being run on an all-volunteer basis.

The City of Peterborough recognized the important work that GreenUP provided, and over the last 20-plus years has supported the organization with funding through various models. This consistent funding allowed for the development of the two social enterprises and the extensive environmental programming they provide throughout the region.

Revenues from the garden market go directly to pay the staff running the market, and for the purchase and stewardship of the plants that they sell. The overall maintenance
of the five acres, which includes the demonstration garden, is supported through core resourcing from the municipality, which is critical. GreenUp and the Ecology Park enjoy strong, longstanding relationship with the city. This has enabled the staff to innovate and take risks. This ability is valuable in the creation of new partnerships, and when investing in other projects, since some of the core costs are covered by the municipality. This core funding makes the operation of the market garden less risky, and more flexible.

The GreenUp retail store shares space with the main office; it was developed so that people who want to live a more environmentally sustainable life could access goods that make this more possible. The store provides a public face for the organization, as well as an opportunity for people to support the organization by purchasing items there.

The two social enterprises that GreenUp operates provide the organization with a small amount of unrestricted revenue. This unrestricted revenue and the city grant together support core activities, resulting in a stable organization. This stability creates a core of organizational capacity needed to leverage resources from outside the community, or from other non-municipal sources, for new or time-limited initiatives. The core municipal funding has been a significant contribution to the organization, even though it is only a portion of the operating revenue. Grants and fee-for-service work provide the majority of the remaining funding for the organization.

GreenUp partners with the municipality on many projects, and the work they do is often highlighted in annual and staff reviews. This helps municipal staff meet environmental objectives like transportation demand management, waste reduction and climate change mitigation.

GreenUp usually has some form of grant-based project funding from each level of government, and/or from local foundations and corporations. GreenUp has also been a
delivery agent for fee-for-service home energy programs, and local home utility and energy efficiency programs. This funding from elsewhere has created jobs and has enhanced Peterborough’s economy and improved its environmental sustainability.

With long-standing, multi-stakeholder relationships between decision makers and core staff, GreenUp is afforded a high level of access to existing regional social and political assets. For example, Peterborough municipal staff sits on jointly-determined program committees like the Commuter Challenge, where a GreenUp representative and a city representative jointly coordinate the program. The city provides in-kind contributions to help achieve shared mandates. These long-standing relationships and partnerships are frequently recognized in planning documents and city reports.

GreenUp has access to information, and enjoys significant legitimacy, in local decision-making processes. GreenUp leads participatory planning in neighbourhoods; it seeks to amplify voices that may be marginalized in traditional planning process. They work with their neighbours to get them to re-envision their community, and they work with city workers to support the integration and recognition of sustainable environmental stewardship.

**Lessons Learned**

- When municipalities partner with environmental groups they can often meet their own environmental objectives more easily
- Core funding of nonprofits creates organizational stability, creating better and greater outcomes than a municipality may be able to produce on its own
- Municipalities can facilitate jurisdictional boundary connections for non-profit organizations and their social businesses
**Outcomes**

Political Capital: Formal county and municipal partnership supports environmental action through Peterborough GreenUp. Through this support the county and municipality gain political capital with citizens.

Social Capital: GreenUp provides opportunities for citizen engagement and connections that build social capital.

Human Capital: Citizens’ environmental awareness and actions are enhanced through this social enterprise.

Natural Capital: Land and physical environment is preserved and enhanced for community use.

Cultural Capital: Peterborough citizens develop a culture of caring and choice for environmental sustainability.

**4.11 Simcoe County Context**

Simcoe county’s population of 446,063 makes it the second largest in the province (Statistics Canada, 2013b) and it is the third largest in terms of physical size. It covers almost 5,000 square kilometers from Lake Simcoe in the east, to Georgian Bay in the west, and to Muskoka in the north (Birnbaum et al., 2004). Simcoe is unique, in that it has both rural and urban areas in one county, with the cities of Barrie and Orillia being the economic and educational centres. South Simcoe borders on the northern boundary of the GTA. North Simcoe has greater ties to the Muskoka region.
The population of Barrie is 166,634 (Statistics Canada, 2011, “NHSP”) and the median age is 38.1 years (Statistics Canada, 2012a). The city has relatively low unemployment for a rural area (5.6% in January 2015) (Statistics Canada, 2015a). The population of Orillia is 30,586 (“Statistics Canada, 2012b), and the median age is 42.7. The county has a significant French population compared to the rest of the province, with 3% identifying as francophone. About 12% of the county’s population is composed of immigrants; this is the largest number of immigrants in a rural region in Ontario. The county has experienced a population increase of 5.7% since 2006. The population density in Simcoe County is 98.1 people per square kilometer (Statistics Canada, 2013b).

Simcoe’s economy comprises a number of sectors. These include manufacturing, retail, construction, tourism, agriculture, resource industries, health and social services and education (colleges and universities.) According to Statistics Canada and HRDC, in
Simcoe County “manufacturing has consistently accounted for at least 17% of total jobs, retail for 12% and tourism for 6%” (Statistics Canada, 2014, “HR Dev.”).

Major economic generators include the Honda of Canada Manufacturing plant in Alliston, Casino Rama, and the Lake Simcoe Regional Airport (County of Simcoe, 2013b).

The region has 5 hospitals in 5 different communities, 3 community health centres (including a francophone centre in Midland), 8 walk-in/after-hours clinics, and 12 centres for addictions and mental health. Simcoe Muskoka District Health Unit – Healthy Living Service operates in 5 communities.

The region is home to many social services for children and families. Examples include: Catulpa Community Support Services (7 in 5 communities), E3 Community Services (2), Emergency Baby Needs Depots (7 including at La Clé d’la Baie en Huronie and at Beausoleil Family Health Centre – Christian Island), Community Action Program for Children (3), and Early Years Centres (2). To streamline and improve these services, the Child, Youth and Family Services (CYFS) Coalition of Simcoe County was formed in 1999.

The county is known as “Ontario’s playground” because of its natural beauty, extensive shoreline and cultural festivals. Over 6.7 million people visit Simcoe county every year, contributing over $570 million to the economy. Lake Simcoe, Georgian Bay and Lake Couchiching are anchors for year-round tourist activity from the GTA (County of Simcoe, 2013b).

Georgian College has been established for over 40 years and has grown to 7 campuses in Barrie, Midland, Orillia, Owen Sound, Muskoka, Orangeville and South Georgian Bay.
There are 2,189 farms throughout the county. About 35% of them are located in the northwest area, another 30% in the southern area, and about 30% in the northeast. The best agricultural land is the Holland Marsh, located in Bradford West Gwillimbury; it’s estimated the Marsh has an annual impact of $1 billion on the economy because of its soil fertility and crop diversity (County of Simcoe, 2013a).

**Simcoe Case Studies**

The advisory committee-selected case studies for Simcoe County include Operation Grow and InnServices. Operation Grow is the featured social enterprise. It provides accommodating employment for vulnerable women. The local municipality is acting as an intermediary in this case. InnServices is a municipal service corporation where the municipality is operating as a practitioner. Through this social business, the municipality manages water services in Innisfill, and is also selling water services to neighbouring municipalities to generate revenue to used for public good in the municipality.

**4.12 Operation Grow**

Workforce integration social enterprises (WISEs) provide accommodating work environments for people who have a hard time connecting to the mainstream economy. The social objective of WISEs is to create more flexible jobs for people who experience barriers to employment. The author of this research has operated a consulting practice helping to develop this type of social enterprise in both urban and rural contexts for the past 20 years. The author has seen this type of social enterprise become quite common in urban areas, but less so in rural ones. This type of social enterprise has nevertheless been proven an effective workforce development strategy for people who experience barriers to employment. WISE projects often generate significant revenues, and develop social outcomes beyond employment development.

Operation Grow in Midland is a social purpose enterprise that is in the early stage of development. Launched by Huronia Transition Homes with a grand opening on
November 1, 2017, it will provide women with lived experience of violent sexual assault and sex trafficking, with opportunities to increase resiliency, network and build community in a supportive environment. Providing flexible low-barrier-to-entry employment opportunities, food options, and non-therapeutic supports to reduce the impacts of trauma, Operation Grow generates income from its vertical farm activities and provides food security, employment, and training in North Simcoe. The tag line for the business is “growing more than just produce.”

Huronia Transition Homes (HTH) is a charitable organization that has operated in Simcoe county for over thirty years. The organization is committed to ending all violence against all women, and is known for its three primary programs: La Maison Rosewood Shelter, Choices for Children, and Athena’s Sexual Assault Counseling and Advocacy Centre. Choices for Children and Athena’s Sexual Assault Counseling and Advocacy Centre operate county-wide, whereas La Maison Rosewood and Operation Grow operate exclusively in North Simcoe. North Simcoe’s four municipalities (Midland, Penetanguishene, Tiny and Tay) have a collective population of about 50,000, swelling to around 120,000 over the summer.

Operation Grow is the fourth program area for HTH, and the newest. The social enterprise concept includes a multi-purpose facility located in the center of Midland, a storefront with a small-scale vertical farm, and an industrial facility housing a large-scale vertical farm on another site. The vertical farming operations will act as an employment program providing flexible employment opportunities to women with lived experience of gender-based violence. These opportunities will be offered and co-located with other supports for employees’ transition into the mainstream workforce, should they identify this as an employment goal.

Operation Grow specifically employs women who have accessed services at the shelter, or, Supervised Access Centre (SAC). Roughly a third of women who access the
services identify as Indigenous people, with the majority of these coming from Beausoleil First Nation. Over eighty percent of the women the organization serves are participants in Ontario Works (OW) or the Ontario Disability Support Program (ODSP).

The initial enterprise and training centre (Phase One) employs three people on a full-time basis. There is a supervisor of employment, and 2 additional full time positions. In Phase Two they will hire 10 to 30 part-time vertical cultivators, or up to the equivalent of 10 new full-time positions. New employees might only be able to work a few hours each week, as they enter the business, so these cultivator positions may provide part-time employment opportunities for up to 30 women at any given time.

The HTH Board of Directors has formed a working group of community members and board members for planning and overseeing the social enterprise. There are additional volunteers who have significant business experience and acumen, and others who have experience in finance.

Operation Grow received one of seven sexual assault innovation grants from the province, for over half a million dollars. The capital cost for Phase One has exceeded expectations, so the organization will be engaging in a fairly aggressive capital campaign in the community. Phase 2 is now complete, with the installation of the vertical cultivators that were bought from The Modular Farms Company. The cultivators are now being used to grow a variety of vegetables, which are being sold locally. Municipal support has extended to staffing support for fundraising events, planning support and developing links to organizations and people to support the social enterprise. These municipal linkages provide credibility to the social enterprise, and go a long way toward building additional support for the project.

The social enterprise has also received professional services as in-kind support. Site surveys were done free of charge, and they have a senior architect with an excellent
reputation working on the project for almost nothing. A videographer is documenting the development of the whole project. There are a number of significant resources coming into the project, even at this early stage. The organization received a major bequest, and has invested it to fund Operation Grow.

One of the particular challenges that Operation Grow faces is that they are in a two-tiered municipality. Simcoe County (upper tier) is responsible for administering OW and ODSP. The lower tier looks after streets, bridges and snow plowing. Both are very sensitive as to who does what, and this requires constant communication and coordination. The municipality has provided credibility to the project, but hasn’t provided direct financial support as of yet.

HTH is a new entrant into this industry, and its ability to successfully enter the market will be tied to the available funding, investment, and the capacity to generate revenue. This business will significantly improve the quality of life for the women working. They will gain increased confidence, learn small business/entrepreneurial skills, and increase their food sovereignty. The social enterprise provides opportunities for women to become engaged in community life. Some will eventually develop a sustainable livelihood beyond the WISE. For the community, there will be access to an additional local food source.

**Lessons Learned**

- Municipalities can add credibility to a non-profit organization developing social purpose businesses by endorsing its work. This additional credibility can make it easier for the non-profit to build social and political capital through other stakeholders.
- Once a municipality sees value in a certain idea or model that could solve a complex social problem, it can help by connecting social entrepreneurs to opportunities for funding or financing.
- Recognize and support non-profit organizations working on innovative solutions to complex problems that cross political boundaries.
- Build regional political connections to support innovative social enterprise work in rural communities.

**Outcomes**

Political Capital: Municipal policies support development of the social business and employment opportunities for women who want to build sustainable livelihoods.

Built Capital: A new vertical farm exists in the community as an enhancement to local agricultural opportunities. In addition, a new centre for women's health and empowerment has been developed.

Financial Capital: Employees receive wages to help them build their own financial sustainability.

Natural capital: Residents have access to local food.

Human Capital: Women survivors of abuse have access to skills-building employment in the vertical farm. Staff has an opportunity to learn about, and operate, a social enterprise.

Social Capital: Marginalized citizens are included in community life.
4.13 InnServices

Innisfil is a town of about 33,000 people in Simcoe County, located on the western shore of Lake Simcoe. It is immediately south of Barrie, and 80 kilometres north of Toronto. Innisfil has historically been a rural area, but growth in Barrie and Toronto has meant greater residential development over the last 25 years. Unlike lower-tier municipalities in a regional system, Innisfil is responsible for providing its own water and waste-water management.

Municipal services corporations operate outside of municipal regulation, providing a structure under which municipalities can operate their own social businesses. Innisfil owns InnPower and InnServices, for-profit municipal services corporations that provide essential services: InnPower provides electricity, while InnServices provides water and wastewater management. This case study focuses primarily on InnServices Utilities Inc., which delivers water and wastewater services to Innisfil and other municipalities.

InnServices provides Innisfil with clean, safe drinking water, and treats wastewater collected from the sewer system. It also builds new water and sewer infrastructure as the Town grows. On January 1, 2016, InnServices received control of the town's water and wastewater assets: two water pollution control plants, one surface water treatment plant, municipal wells and the associated collection and distribution systems.

InnServices is now building over two hundred million dollars' worth of new water infrastructure designed to generate growth and bring local jobs to Innisfil. The town feels it needs these new assets to capitalize on development along the Highway 400 corridor. This may be the first water/wastewater municipal services corporation in Ontario. The structure allows the company to act now, in a way that a municipal department alone could not, while the development pressure along the corridor is high (Town of Innisfil, 2017).
To attract investment for workforce development, Innisfil wanted their commercial/industrial sites serviced. Recognizing the debt limitations placed on municipalities, the town needed a partner to get the servicing done. The municipality explored options to provide water servicing to the Highway 400 corridor, including extensive public and private partnerships. This exploration led to the development of InnServices.

In order for the municipal service corporation to move ahead, the town needed approximately one hundred million dollars for the infrastructure to service the Innisfil Heights Employment Lands. Provincial regulations limit the amount a municipality can borrow. For Innisfil, this limit is roughly 60 million dollars, leaving a 40% shortfall from projected costs. The municipal services corporation follows different provincial rules when it comes to debt capacity. In this case the town, through the InnServices corporation, was able to borrow the cost of the investment in water services from the county.

The creation of InnServices has already allowed the financing and capital investments necessary to service the Innisfil Heights Employment Lands, an industrial area set aside to attract business and industry. This has a clear impact on local employment development. Analysis of current rates has been completed, and the creation of InnServices suggests that water rates would not go up any more than they would normally. In fact, there is a chance they could be lowered over time. Operations will continue to be managed and staffed locally. Creating InnServices is not strictly-speaking privatization, since council will continue to be ultimately responsible for the oversight and rate increases. Council essentially operates as the key shareholder, ensuring public ownership and oversight of InnServices (https://innisfil.ca/living/InnServices/AboutInnservices).
Better financing tools are being used to help transform Innisfil from a bedroom community into vibrant and sustainable municipality with a healthier mix of commercial, industrial, agricultural and residential tax payers. Innisfil's tax base is currently 95% reliant on residences and farms. To make a more sustainable tax base, the municipality is attempting to move toward more commercial and industrial tax revenues: somewhere in the range of 25 to 40%. This may be possible when new economic development happens in Innisfil Heights.

Essentially, the motivation behind this social enterprise was retaining control over water. More than this, the objective was to create serviced, development-ready land to draw industry and other businesses to the area. The idea of a private sector entity owning water resources and infrastructure made people uncomfortable, so the municipality arranged a $57-million-dollar loan from the county that made private equity unnecessary. The county provided a loan to Innisfil without guarantee. The county took out an Infrastructure Ontario loan at 1.5%, and effectively passed it on to the town. The town provided the county with a seat on the InnServices Board of Directors for confidence in their investment. The CAO of the county is thus one of the three directors of InnServices.

By planning to service and develop the employment lands along Hwy. 400, the town projects that 13,000 jobs could be created, and the town’s property tax base would grow in the amount of one million dollars or more annually (Innisfil, 2007).

Innisfil has also recently updated its strategic plan. In it, they include earned revenue generation as an objective. This increases the motivation of staff and councillors to support activities such as InnServices, for their development and revenue potential.

Lessons Learned
• Build revenue-generation into strategic plans. This creates a positive and enabling environment in which to explore and develop new corporations, helping staff and elected officials be more entrepreneurial.

• Lower-tier municipalities can work with county or regional decision-makers as partners in social enterprise development. The upper tier government usually has access to resources and credibility that the lower tier may not. In this case the county was able to access a loan that financed the development of InnService. The county has a seat on the board of the corporation, and is therefore a partner in the success of the development.

• Municipal Service Corporations can allow municipalities to maintain control over essential services with less restriction on how debt for new projects is structured. Citizens are increasingly leery of privatization of essential services like water, energy, and telecommunications. Municipal service corporations can use new or existing capacity entrepreneurially, in developing relationships with developers or other municipalities, and thereby generating more revenue to keep critical infrastructure in good repair.

**Outcomes:**

Political Capital: The municipality developed a municipal structure to make it possible for InnServices to develop. This organizational structure provided an opportunity for the county to invest.

Human Capital: Municipal staff’s skills and abilities were developed and are now used to manage water services for public good, which is self-reinforcing and generative.

Built Capital: New and improved water services/facilities exist in the community, and are locally controlled.
Financial Capital: Business plan in place that makes the social enterprise attractive to financing/investment. The business generates unrestricted revenue for the municipality.
Chapter 5: Cross Case Analysis and Detailed Findings

5.1 Introduction

This research was conducted to determine the role that rural Ontario municipalities play in acting as intermediaries for local, provincial and federal involvement in rural social enterprise development. As mentioned earlier, the research was conducted in two phases. Phase 1 interviews were conducted to assess the current knowledge of social enterprise among rural and remote municipality officers, and to identify case study sites. Phase 2 involved in-depth research done with 8 social enterprises that were identified by the research advisory.

This chapter is structured to summarize findings of both phases according to the objectives that guided this researcher throughout. The objectives set out at the beginning of the research were to:

1. Assess the current level of rural municipal activity in social enterprises publicly owned or owned by nonprofit organizations
2. Identify the enablers of – and barriers to – municipalities’ role as social enterprise intermediaries
3. Identify effective practices in municipally-supported and -led social enterprise development
4. Document and identify the municipal supports required for effective place-based rural social enterprise development
5. Determine key leverage points whereby municipal and other public policies can facilitate effective and fruitful rural Ontario social enterprise development
This chapter uses the first four objectives as the structure in summarizing what was learned throughout the full research project. The fifth objective, focused on key policy leverage points, is addressed in Chapter 7: Recommendations.

The interviews conducted in Phase 1 of the research had two purposes: to assess the level of knowledge of social enterprise among municipal actors and to identify potential case study sites for Phase 2 case study research. The interview data were rich, and provided interviewees perspectives on a number of key areas affecting their involvement in social enterprise, and on some of the effects of county, regional, provincial and federal policies on the viability of rural municipalities. Using data from both phases of the research, this chapter then provides a summary of: the current level of knowledge among municipal people who were interviewed; details of municipalities’ social enterprise activity as practitioners and intermediaries; enabling social enterprise development factors; barriers to social enterprise development, and; effective municipal practices and policies for social enterprise development.

5.2 Current level of knowledge and rural municipal activity in social enterprises

The term social enterprise was new to most interviewees in Phase 1 interviews, but once it was defined there were many examples of earned revenue strategies using social enterprise. When first asked to define social enterprise, 19 of 26 interviewees had either never heard the term before they received the email asking for their participation in the research, or guessed at the definition. The other seven had a good understanding of social enterprise as a diversification strategy.

More than half of interviewees did online research prior to the interview to help them define social enterprise. The following chart provides a summary, by region, of interviewees’ ability to define social enterprise.

Table 3: Interviewee’s Knowledge of Social Enterprise
As noted above, only 7 of the 26 interviewees had a full understanding of social enterprise as a strategy, and were able to provide good examples, while the others required a more in-depth orientation from the researcher regarding what types of economic and social development activities would be defined as social enterprise.

Many talked about their interest in learning more about social enterprise as an economic diversification strategy. The research provided new knowledge for interviewees, and many asked to be linked to resources so they could learn more.

The data collected through this phase of the research provided more information than was needed for the development of the case studies which appear later. Interviewees’ comments provided a good backdrop to their role and the assets that they thought were useful to their work in developing social enterprises. In the next section there are further examples of social enterprise activity and the role that municipalities are playing as both intermediaries and practitioners. Following that is a section providing further information about municipal activity in social enterprise development.
Interviewees highlighted the dynamic nature of social enterprise development, and the contextual influences that support and/or limit the development of social enterprises.

From a review of all the data, there is evidence that there are a significant number of social businesses in each region. The social businesses interviewees spoke about fell into two categories. The first represented a wide variety of businesses that were wholly operated and/or owned by municipalities as shown in the table below.

Table 4: Municipally-owned social enterprises by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Peterborough County</th>
<th>Huron County</th>
<th>Simcoe County</th>
<th>Kenora District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arena,</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Community centre</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Medical centre</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Social housing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Utilities (water, hydro)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Community kitchen</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>School reallocations</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

The second category indicates where municipalities act as intermediaries, supporting non-profit social enterprises:

Table 5: Municipally-supported social enterprises by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Peterborough County</th>
<th>Huron County</th>
<th>Simcoe County</th>
<th>Kenora District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trail group</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Fitness centre</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Farmers’ market</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Food bank</td>
<td>$X$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thrift store</td>
<td>$X$</td>
<td>$X$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live theatre</td>
<td></td>
<td></td>
<td>$X$</td>
<td></td>
</tr>
<tr>
<td>Movie theatre</td>
<td></td>
<td></td>
<td>$X$</td>
<td></td>
</tr>
<tr>
<td>Golf course</td>
<td>$X$</td>
<td></td>
<td>$X$</td>
<td></td>
</tr>
<tr>
<td>Stable</td>
<td></td>
<td></td>
<td>$X$</td>
<td></td>
</tr>
<tr>
<td>Community garden</td>
<td>$X$</td>
<td>$X$</td>
<td>$X$</td>
<td>$X$</td>
</tr>
<tr>
<td>Festivals</td>
<td>$X$</td>
<td>$X$</td>
<td>$X$</td>
<td>$X$</td>
</tr>
<tr>
<td>Culture centre</td>
<td>$X$</td>
<td>$X$</td>
<td>$X$</td>
<td></td>
</tr>
</tbody>
</table>

Of the case study sites, five were owned and operated by non-profit organizations (depicted in orange in the diagram below) while three were municipally-owned (in blue below).
Figure 11: Municipalities as Intermediaries and Practitioners in Social Enterprise Development

Municipalities as Intermediaries
Social enterprise intermediaries are organizations or networks that connect people, ideas, and resources and create the conditions for successful social enterprise development.

Municipalities as Practitioners
Social enterprise practitioners are people who are developing and/or operating social enterprises.

Social Enterprise Concepts

- Operation Grow
- Feed Co-op
- Vertical garden
- Food cooperative
- Environmental goods and services
- Community hall
- Warehousing and logistics
- Port services
- Health care clinic
- Water services
- Imo Services
- Keene Health Centre
- Gaderich Port Authority
- Wroxeter Community Centre
- Peterborough GreenUP
- Cloverbelt Local Food Co-op
These results attest to the fact that there is already significant social enterprise activity in which municipalities act as practitioners and intermediaries. Each case can be defined as a social enterprise, as they generate revenue and social, cultural and/or environmental improvements in their communities.

5.3 Enablers of, and barriers to, municipalities’ role as social enterprise intermediaries

Factors in enabling social enterprise development
Those from the subject municipalities identified opportunities where others might see only liabilities, and worked with one another to develop enterprise concepts so that communities ultimately maintained ownership and/or were able to provide access to programs and services that would have been difficult to otherwise provide.

The research revealed that rural people are working very hard, and with ingenuity, to maintain services and infrastructure. In some cases volunteers are operating programs and keeping the lights on in public buildings. Rural and remote people are engaged in their communities and are maintaining assets beyond the scope of their municipalities’ financial resources to do so.

*The parks board cut their own grass in the ball diamond and the lines are maintained. This is not costing the … taxpayer anything because the work is all done by volunteers. They are engaged in community-building.*

*The arena … is strictly run by volunteers, which is apparently the only one in Ontario. The township … owns it, and … charges fees. When you sign up at the … arena (such as for figure skating) you are also assigned a job (such as cleaning bathroom).*

Rural people are stepping up and volunteering; this researcher would argue that there is significantly more pressure on rural, as opposed to urban, residents to volunteer their
labour if they wish to have service levels similar to those more readily available in larger population centers.

In five of the case study sites, infrastructure provided the impetus for the social businesses to get started. These included the Goderich Port Authority, Wroxeter Community Hall, InnServices water services in Innisfil, the Keene Health Centre and Sioux Lookout Airport. In addition to the case study enterprises, interviewees spoke about other built capital that they were stewarding as social businesses.

Interviewees often spoke about their role as landlords in communities. In many cases surplus buildings were being used to support non-profits:

*The municipality acts as a landlord where … a legacy of space … (becomes) used for community good to provide a roof over their heads or a space to get their activity up and running.*

In one region the municipality provided access to land for cell towers. This began to provide a revenue source as well as better cell service to the area.

*Our municipality had poor cell coverage and community opposition to new towers, so the town saw a business opportunity with the federal regulators and cell phone providers. (The cell providers) get easier approval processes if they have municipal consent for their projects. The municipality decided to provide consent whereby the cell providers used towers constructed by the town, through the hydro corporation in a separate company. Council directed the carriers onto the towers. It was an investment, and after 10 years it will become profitable.*

Another region developed a hydro corporation that would provide hydro service to residents.
We have a hydro corporation – where the recent municipal boundary line … was amended. The corporation is now servicing the new annexed areas that will generate revenue later through dividends from the hydro company.

Barriers to social enterprise development
Throughout Phase 1 and Phase 2 of this research, interviewees spoke of the difficulties they are facing. This section summarizes key points in what they said regarding challenges they face as municipalities in their local contexts. It is clear from these interviews that rural and remote municipalities are being stretched and challenged by provincial and federal policies. Municipalities all have the same responsibilities, regardless of size.

Municipalities have these many mandated responsibilities, but lack control. Several interviewees spoke about the difficulties they have as small municipalities. The smaller tax base in these municipalities means that they have smaller budgets to work with. Within these budgets they must still meet all the obligations that they have through provincial and federal legislation and regulations. These responsibilities place a heavy burden on the elected officials and the staff in these municipalities.

Control? We have control of garbage, dogs and animal control and patching roads. What we have is a macerated sense of democracy.

Ministries get together and decide that Town A needs an official plan update. Then we are directed to a planning consultant…. We have to do what they tell us and then many times we almost feel like telling them “here are the keys.”

Cost downloading continues to create stress and hardship in rural municipalities – especially the smaller ones. Many of the interviewees spoke about the impact of downloading on their viability.
There’s so much that has been downloaded. When you look at the scale of the municipalities, right down to the smallest ones … they are responsible for way too much and they can’t keep their eye on essential things like infrastructure. Lower-tier municipalities are really struggling.

The feds downloaded to the province and the province downloaded to us and unfortunately they continue to do that. A lot of the time the province hands down these responsibilities without the funding that’s necessary to implement [them]. It happens to us frequently, every single year.

Regulations on services like water, sewer, waste and town planning are perceived as creating undue burdens for smaller municipalities. Complying with existing regulations requires significant resources – often beyond the scope that smaller municipalities can reasonably provide.

The impossible regulations from the south, including the accessibility act and gas tax, [they] burden us immensely with nonsense paperwork. There is an edict that everything has to be done by regulation and legislation – with fines attached – and in situations where there is less and less population and thereby less tax base, we are constantly under the gun and never have enough money. It’s a juggling act.

We are under the same obligations in all legislation, with limited staff. I don’t have a clerk to make a photocopy. There are 17 Acts that pertain to the municipality, plus tons of regulation. Last year we spent $500,000 complying with rules and we only have 1,000 people here.

Existing rural infrastructure can provide both opportunities and difficulties.
One municipality is considering running a larger recreation building to have all functions in one place. Energy costs are a major factor in the overall operating costs of municipal social enterprises.

*The pool costs $73,000 over and above what they take in, in order to run the outdoor pool for 2 months, and it services about 250 kids. The challenge is, when the recreation facility will be redone, there will be some people that think the pool should be upgraded, or put indoors. The recreation facility is a single-pad arena, and a hall that holds up to 500 people will [cost] 5 to 6 million in upgrades. Municipalities are being pulled in different directions; not only do they have to worry about bridges, but now have to worry about recreation centres and pools; none of those are paying for themselves.*

*Municipalities that take control of infrastructure that other levels of government are disposing of are in a position to develop these assets for community benefit. There are inherent risks involved.*

Geography plays a part in northern and rural people’s perceptions and culture. The geographic distances between people can create barriers to collaboration. Interviewees also had concerns about a shrinking population.

*Geographical separation and breaks between towns seems to accentuate [the] independence of the towns. The idea of collaborating isn’t super-strong yet. We’re an island in a sea of forest. Either we have it, or there’s nothing.*

Interviewees were all very clear that their contexts are unique, and that provincial and federal governments could improve their efforts by adopting a more place-based perspective and practice.
Rural doesn’t apply in the north. These are remote communities, not spread out over agricultural areas. Small remote northern is very different from small rural southern. First Nations communities are all different as well. Social and historic differences should be considered for each community. Policies should be developed uniquely for each municipality.

The last two decades have not been kind to Northwest Ontario – townships are shrinking here.

We are very small and are the hole in the donut. Things happen around us mostly.

Municipalities are acquiring land and infrastructure as local businesses become unviable. This is providing both opportunities and problems. Municipalities acquire these assets and then take on responsibility for them.

There are two examples of local golf courses. They are both in receivership, which tells me a whole different thing about the demographics of the “golf course scene.” Both have, however, gone back to their municipalities and said “perhaps you would like to take it over and run it as an enterprise.”

We took over the golf course so it is now owned by the municipality and being operated by a not for profit.

Municipalities own and operate facilities such as recreation centres, with attendant programs. These are typically fee-for-service, and one interviewee spoke of the difficulty in setting fees too high for the general public.

The fitness centre costs the municipality $850,000 per year and there isn’t much of a mindset that would make it so that it would end up generating a surplus, but [we] can’t charge the public too much; otherwise they won’t come.
Most councilors understand that “wouldn’t it be nice if services could pay for themselves” and some say “Forget it – that’s not the reality. The reality is we’re in the business of providing recreation services, it’s not supposed to pay for itself.”

Wouldn’t it be nice if the user fees could pay for itself a little bit more.

There are funding programs that might benefit some of the people and groups developing social businesses, but the capacity and time commitment to apply for and manage a grant stretches the volunteers and the municipality.

A lot of the funding programs that we are going for, whether it is provincial, social enterprise, or municipal, or even private, the amount of extra paper work and follow-up on the grant funding is quite consuming for a staff member or volunteer.

There is also a lot of fatigue for the application process for the nonprofits.

Provincial and federal programs are often not designed to work within the reality of rural and remote communities. A number of interviewees spoke about the difficulties that are created when the provincial government sets a framework for a new program. Four people spoke about the provincial government’s current focus on developing community hubs. There was concern about the way the province has framed community hubs, that the direction and the scale of the hubs are beyond what most rural communities can attain.

There are already a number of community hubs in the area. You have to be of a certain size to have a hub. In the rural context, a lot of the social use centres are being amalgamated into one central building, like a mall for the townspeople, instead of having it on the main street. I look at this town’s facilities, like the old town hall built in 1870, where the Lion’s Club meets, and parts of that building are still underutilized. There could be a small business hub in the upper portion,
once internet etc. is installed. Use places where social enterprises can happen even if they are small scale.

Some municipalities boycotted the Community Hubs meeting in … December 2016, because they felt left out by the province.

There is a need for a strong rural voice at policy development tables. The researcher heard from interviewees again and again that it is still very important for rural communities to maintain a voice. This was still seen as difficult given the perceived predominance of urban perspectives, understandings and assumptions.

It is important to raise awareness of the rural needs and agenda. It is becoming increasingly difficult for rural Canada in general to have a voice.

5.4: Effective practices in municipally supported and led social enterprise development

Interviewees spoke about the many things they were doing as both practitioners and intermediaries in supporting social enterprise development. One effective practice was that people with ideas were being supported by their municipalities. Municipalities can capitalize on local social enterprise opportunities by being open and receptive to citizens’ ideas and aspirations. Interviewees spoke about working together with community residents to move a social enterprise forward. In one municipality, staff spoke about the importance of paying attention to the ideas that citizens bring forward. They have found that just listening to people’s ideas, and supporting early idea formation and development, can lead to new economic and social opportunities.

Staff now listens to all ideas that come forward. They try to support many of the ideas that people have. They are prepared to take risks because in our
Community citizen engagement is something that takes all forms. And some of the ideas that are supported will grow and develop into viable enterprises.

Letting volunteers manage and develop strategies to maintain and enhance community halls can keep facilities viable without the need for significant resourcing from councils.

Interviewees observed that publicly-owned buildings, such as schools and jails, that are being sold or transferred to municipalities, are often being operated as social businesses. Many of the social enterprises that interviewees spoke about were focused on repurposing buildings or land. The rationale for maintaining the assets was to keep them available for public benefit.

There were some school closings in the area and the municipality stepped in and acquired/bought a school, where we felt it was an investment for the community, especially with the existing infrastructure. We had some not for profit tenants lined up (one being a church) but had to put a commercial aspect to it, due to the need for a return. Since then, a group started renting it out as a seven-room concept for their schooling. Initially there was lots of empty space ... [so] we tried to attract ... the returning offices too. Since this opportunity was made known, other municipalities ... have done it too, in one case their school was bought to expand the adjacent hospital facilities.

In one community, building and operating a community centre with collaborating partners eased municipal programming and tax burden. Interviewees spoke about their involvement in collaborations wherein the municipality owned and managed the infrastructure and a partner provided the services to the community. There were several examples of this in the provision of recreation services.

The council’s mayor said “we don’t want to run the community centre because it keeps losing too much money, too much staff time” … It is now community-
owned and operated, and the municipality wanted to shed the responsibility, and is now turning a dollar on it. The structure is non-profit, they are generating enough revenue for maintenance and to keep it open.

The council mindset is “We’re councillors, we’re not experts on how to provide recreation services, so let’s work in partnership with someone who knows how to do that.” [So they] partnered with YMCA who provides all recreation programming and the buildings are owned and maintained by the municipality.

Municipalities are providing in-kind consulting services and staff time to strengthen the business aspects of social enterprises. Municipalities have people with expertise who can support social enterprises as they form. Staff support has led to significant economic activity through social enterprises in case study regions.

All of these things that the municipality has done has been instrumental in … [the enterprise] being where it is today. Without that support the growth of [our enterprise] would have been much slower. We had almost $400,000 come through the [social enterprise] budget. Without the municipality’s support that would not be happening now.

The [social enterprise] was failing … the municipality dedicated one of its staff members to assist for the last three years. Now the [enterprise] is doing very well.

The role of a municipality at times can be that of guidance, but at other times it has to get involved physically.

Municipalities that hold infrastructure as a social enterprise can help non-profit and for-profit companies by creating cost savings. Some of the case study sites used their
infrastructure as a way to support non-profits and fledgling for-profits with space to operate. This increased economic opportunities within the municipality.

There is a partnership opportunity between the YMCA and the town for a combined recreation facility. They build one facility and the Y operates the “warm side” which is the pool and the gym, and the town operates the “cold side” which is the ice rinks. We have since introduced a private school run as a not for profit and (we) … supplied the land on campus for them to expand, where the private school will share the recreation facility as well. It’s a good fit, where the facilities are under-utilized during the day and that’s when the school needs it.

Municipalities are acting as landlords for a variety of non-profits, and thereby provide opportunities for collaboration that can significantly benefit citizens. Providing space to non-profits can attract services to a municipality that would otherwise not be available to citizens.

I still don’t understand why municipalities might be hesitant to use under- or unused infrastructure such as land or buildings for community non-profits or cooperatives to use.

Many rural municipalities provide a medical centre building to attract health care professionals. In some cases the space is offered free of charge, and in others there are rental fees. Municipalities want to attract medical professionals so that citizens can access health care – a key consideration for people who are moving to a new area.

In one municipality the council recognized the need for a facility to house a family health team, so they built a health centre in the hope of attracting health care professionals to the region. The commercial component is that they are looking to recover their cost through rentals to the family health people.
Some municipalities provide grants to non-profit groups so that those organizations can improve the quality of life in their community through their services. These grants could also be directed to social businesses, but it was clear from this research that social enterprises are not well understood.

Core funding to non-profits leads to organizational stability and often significantly better and more outcomes than a municipality can produce on its own.

Municipalities can support social enterprise ideas by taking care of the administrative burden. Staying on top of the administration of complex social businesses is an important piece of the work that is likely to require significant effort by paid staff. The burden is too heavy for volunteers.

Municipalities can add credibility to groups developing social businesses in many small ways. These can include endorsing their work or acting as co-applicants on funding proposals.

Municipalities can add credibility to the nonprofit organization developing social purpose businesses by endorsing their work. This additional credibility can make it easier for the non-profit to build additional social and political capital through other stakeholders.

When a municipality acts as a co-applicant on funding applications it adds significant credibility to social enterprise. (Two municipalities) have partnered on funding applications with us.

Municipalities have options for corporate structures to maintain and enhance public assets while decreasing municipal risk. Municipalities can set up tightly-held charities
and for-profit municipal service corporations as social enterprises for maintaining public control over buildings and other community assets.

*The property tax system is outdated for the things municipalities, especially smaller ones, want or need to do now. They have to find ways to bring revenue up without additional taxes, and to finance this growth they may often find that provincially-set limits on debt won’t allow for some models to work unless new corporations are developed.*

Charitable corporate structures can be set up by municipalities to own and manage infrastructure, to maintain and enhance it as a public asset. The by-laws and board of the charitable organization can be structured to maintain control while it operates outside the corporate structure of the town. This provides the flexibility to access grants and operate outside the restrictions that municipalities have in place through provincial legislation.

*Municipal service corporations can allow municipalities to maintain control over essential services with less restriction on how debt for new projects is structured. Citizens are increasingly leery of privatization of essential services like water, energy, and telecommunication.*

Municipalities may own and operate for-profit services corporations. These financial operating structures provide municipalities with control of key public assets, which in turn can generate significant revenue. Profits transferred to the municipality can then be used on other public services, programs and buildings.

*A municipal service corporation can be built with additional capacity that it can sell to others such as developers and other municipalities, generating more revenue to benefit the municipality.*
The process is about maximizing those tools in our box … having the vehicles in place to capitalize on opportunities.

The leadership that the municipality can provide should not be underestimated. Often, social enterprises need a third party to help them sort out their business concept, partnership opportunities and operational structures. Municipal staff may have the skills needed to work with these groups to help the enterprise idea solidify.

Leadership comes from a variety of places – but it is often the CAO.

The municipality has been providing facilitation and coordination services for the last five years. It is a colossal task in aligning interests and investments to make the [social enterprise] a reality.

Connections among people and access to networks are the backbone of rural social enterprise development. Municipalities can link social businesses to other economic development opportunities in their regions. Interviewees provided many examples of how social capital was built through their efforts.

[Our work] is now being tied into culinary tourism development efforts … [Our] population grows by 400% in summer in the summer. This year our work is being tied into restaurant collaboration through collective sourcing and branding. This is going to be an important part of the culinary tourism sector … The municipality has been instrumental in making the connections for this to happen.

Municipalities that build collaborative relationships make it possible to solve complex problems using social enterprise models. The interviewees in this research confirmed social capital often drives the development of social enterprises.
At the core of most social enterprises is leadership and strong relationships among people from a variety of backgrounds. The core factor in this social enterprise was people who had developed strong relationships over a number of years that were spurred on by the vision that they all held. Once those relationships were in place they could bring infrastructure and political capital into the conversation to make things happen.

One municipality is working with First Nations on water, power and waste projects. These projects are coming to fruition because of the long-term relationships of trust.

*Friendship accords between municipalities and First Nations can lead to social enterprise ideas that provide economic, social and cultural benefits to both.*

*I go back to being seconded by … chiefs to get their first water treatment program operating; this was under Indigenous and Northern Affairs Canada (INAC) initially. The relationships from that time are important because over thirty years you develop deep roots.*

Municipalities can be instrumental in linking people from social enterprises to neighboring municipalities and other intermediary organizations to build the success of the social enterprises.

*Through the municipality …[we] have been linked to the regional economic development committee made up of mayors and economic development officers. The committee also includes funders. Through this connection, [we are] helping municipalities … learn about social enterprises and their potential for economic development in the region.*

*The (economic development committee) is now informed about social enterprise. The food charter and transportation system project is the first regional project that they have all agreed to support. No single municipality can lead a regional*
project – but they can support an external organization to achieve it – without social enterprise there is no mechanics to do it.

County and lower-tier municipalities are working together to support social enterprises. There were a number of examples where lower- and upper-tier municipalities were working together on a social enterprise.

Lower-tier municipalities can work with county- or regional-level decision-makers as partners in social enterprise development. The upper-tier government has access to resources and credibility that the lower tier may not. In this case the county was able to access a loan that financed the development of [our social enterprise]. The county has a seat on the board for the corporation, so can work towards its success with other board members.

The county is also working with the community. They want to make the [social enterprise] an incubation centre for the arts in a partnership ... they have support from the [federal government], the province, the county and the local municipality.

Cross-jurisdictional work remains hard to do; politicians often have a hard time seeing beyond their own boundaries.

The … concept suffered from sphere of influence. The geography of aggregation, which was a bit arbitrary, meant that they had to work together with several local [groups], and several local municipalities. It might have worked, but … many of the municipalities, although supportive of the concept, were suspicious of the motive. The same thing happened with [another project] … The concept made sense from a geographical and economic perspective, but not in a political sense. There were just too many approvals, too many players.
Analysis of the case studies provided a good summary of effective practices, revealing how some rural and remote municipalities are promoting diversification and vitality through social enterprise development. Some municipalities act as social enterprise intermediaries supporting separate non-profit social enterprises in a variety of ways. Some municipalities are themselves practitioners, developing and operating their own social enterprises.

The following practices can be used by rural and remote municipalities to support the development of more social enterprises and, by extension, more vibrant rural and remote communities.

5.5 Effective Practices as intermediaries

Provide grants to non-profits to support their social enterprise development
Municipalities that provide core funding to non-profits create organizational stability, leading to better and greater outcomes than these might be able produce on their own. Municipalities have more local flexibility than other levels of government, and so can be instrumental in assisting with the early development of social enterprise ideas. They can also be instrumental in creating an enabling environment by providing grants, especially as a funding source for visioning and exploration. Other funders with broader mandates may not be interested in small, local projects unless there is at least a clear idea and some strong evidence of community need. Federal and provincial funding windows are customarily inflexible. Flexibility is needed for the creation of good ideas, discussions, and the development of popular momentum. It can therefore be incumbent on municipalities to lead the way in providing some unrestricted resources for early-phase visioning and evidence gathering to build the case for a new social enterprise.

Support citizen engagement, and their creative collaborative ideas
Municipalities can capitalize on local social enterprise opportunities by being open and receptive to citizens’ ideas and aspirations. When municipalities support the creative work of citizens, these volunteers enhance community assets. Volunteers help build social assets by putting on events, and rural volunteers are often critical in keeping facilities viable where resources are stretched thin. Volunteers’ ideas for local innovation should be sought and supported, as local citizens know best what they need, and how to get it.

**Act as a patient or loss-leader landlord to create new opportunities for non-profit organizations**

Municipalities are supporting non-profit organizations by providing space in municipally-owned buildings and land. Being a landlord for a variety of non-profits provides opportunities for collaboration that can significantly benefit citizens. Long-term low- or no-cost leases for surplus municipal land and buildings can help social enterprises find their niche in the community while keeping core operating costs low.

**Support good ideas with short-term insurance coverage**

The cost of insurance can prohibit the development of good ideas in rural and remote regions. Some municipalities leverage their insurance to support citizen groups in early development. For instance, one municipality used its alcohol policies to create the conditions for a community group to generate revenue. Rolling a new initiative into an existing municipal insurance plan effectively allows small initiatives to access the economy of scale that the municipality accesses, and capitalizes on the historical relationship of the municipality with its insurer in a way that a fledgling non-profit cannot. The marginal additional cost to the municipality is likely to be far less than a new endeavour would expect to pay alone, especially when and where the activities of the new initiative take place on municipal property.
Provide non-profit social enterprises with links to networks across jurisdictions, and knowledge about opportunities for support

Municipalities have a role to play in linking people to knowledge-sharing networks, and in identifying opportunities for funding and financing. Citizens and non-profits can solve complex social and economic problems; municipalities can assist by connecting social entrepreneurs to others in their sphere, and to opportunities for funding or financing. This research found some municipalities had built regional political connections to support innovative social enterprises. Municipalities can link social businesses to economic development opportunities in their regions, reducing the burden of seeking new resources.

Be a flexible partner in early-stage social enterprise concept development

Municipalities help with early facilitation and coordination prior to a social enterprise launch. They support social enterprise ideas by meeting some initial administrative burden. Staying on top of the administration of complex social businesses is an important piece of the work that is likely to require significant effort by paid staff. This burden is usually too heavy for volunteers. In some cases municipalities are also assisting social enterprises with communications and/or promotion services such as advertising and business listings, or highlighting the social enterprise on municipal websites. Municipalities may also, in effect, provide in-kind consulting services, using municipal economic development staff to strengthen the business aspects of new social enterprise.

Endorse the social enterprise work of local non-profits

Municipalities can add credibility to non-profit organizations that are developing social enterprise businesses by endorsing their work. This additional credibility can make it easier for the non-profits to build social and political capital with other stakeholders (e.g. a municipality acting as a co-applicant on funding applications).
Municipalities can be instrumental in linking people from social enterprises to other regional municipalities or intermediary organizations. Most non-profits will cross some sort of political boundary in their work, especially in less-populated areas. Municipalities can facilitate cross-boundary connections for non-profits and their social businesses by making links to regional economic development systems.

**Municipalities can leverage the results of non-profit social enterprises to meet their own objectives.**

Municipalities that provide core funding to non-profits create organizational stability, leading to better and greater outcomes than either partner might be able produce on their own. Close and consistent relationships between municipalities and non-profits focused on specific social or environmental objectives bring multiple benefits to rural and remote regions. When municipalities partner with social service, health, culture and environmental groups, they can often meet their own objectives in these areas more easily.

**5.6 Effective Practices as practitioners**

**Maintain ownership of public infrastructure**

Rural and remote municipalities are finding ways to keep and develop infrastructure for community benefit. As federal and provincial infrastructure comes up for sale, it is often being transferred to, or is purchased by, municipalities. Municipalities can then work with partners in their communities to repurpose or revitalize infrastructure assets. Municipalities that take control of infrastructure from other levels of government are stewarding and developing these assets for community benefit. By maintaining ownership and operation of lands and infrastructure, municipalities can create revenue needed to maintain and upgrade critical assets without increasing general tax rates.
**Use corporate structures creatively**

Municipalities are creating their own operational structures, setting up charitable or for-profit corporate structures. These new corporate entities can own and manage infrastructure, maintaining and enhancing it as a public asset. The by-laws and boards of these corporations are structured to maintain control of the asset while operating outside the corporate structure of the municipalities. Some municipalities are establishing municipal service corporations to maintain control over essential services with less restriction on how debt for new projects is structured. Municipal service corporations use new or existing capacity entrepreneurially in developing relationships with developers or other municipalities, and in generating revenue to keep critical infrastructure in good repair.

**Enshrine earned revenue in municipal strategic plans**

Include revenue-generation scenarios in municipal strategic plans to support entrepreneurial behaviour. This creates a positive and enabling environment for exploring and developing new ideas, and helping staff, elected officials, and volunteers become more entrepreneurial. This can prompt communities to engage in creative discussions with local non-profit organizations and citizens who want to make a positive change in their communities.

**Work across political boundaries to get support for social enterprise concepts**

Lower-tier municipalities are working with county or regional decision-makers as partners in social enterprise development. The upper-tier government usually has resources and credibility that the lower tier may not.

**Formalize friendship accords with First Nations to support truth and reconciliation**
Municipalities are playing a role in supporting and partnering with First Nations. More formalized friendship accords between municipalities and First Nations can lead to social enterprise ideas that provide economic, social, and cultural benefits to both.

**Participate in building a vibrant system to support the development of rural and remote municipalities**

To create cohesive practice and policy supports for the rural and remote social enterprise ecosystem, municipalities can continue to establish links among the players, and coordinate local efforts. Coordinated collaborations can be formed, through which multi-sectoral partners work together to solve complex problems. The present case studies show that while municipalities are active practitioners and intermediaries in rural and remote social enterprise development, the majority of their work is occurring in isolation, and without supports from other levels of government.

**5.7 Municipal supports required for effective place-based rural social enterprise development**

Interviewees talked about embedding earned revenue and collaboration into their official and strategic plans. Once it is embedded in a strategic plan, councilors, staff and active community members are more likely to use social enterprise as a strategy.

*Build revenue generation into strategic plans. Revenue generation has recently been added and embedded in the … strategic plan. This sets the motivation for council and staff to develop new ways of generating revenue, to explore and develop corporate relationships if this helps staff and elected officials be more entrepreneurial.*

*The [strategic] plan looks to have a goal of people not having to pay property taxes, where revenue comes from somewhere else.*
The official plan policies seek to create synergies between groups and get people more engaged in the land use planning exercises.

Flexibility, especially in the early stages, is necessary for social enterprises to develop. Interviewees spoke about existing policies that might make it difficult for municipalities to support social businesses. They also spoke about the importance of not getting stuck because of policies that are in place – especially in the early stage of social enterprise development.

Be flexible to let partnerships evolve in the early stages by not getting stuck on what cannot be done because of existing policies.

You can help people by taking obstacles out of their path.

Interviewees spoke about the importance of building supportive policies for social enterprise ideas, policies that cross-jurisdictional boundaries. Interviewees spoke about what they could do with social enterprises that were operating in both lower- and upper-tier jurisdictions.

Recognize non-profit organizations working on innovative solutions to complex problems that cross political boundaries and build political connections to support this type of innovative work in rural communities.

Providing liability insurance is a powerful support for social enterprise development. Many interviewees spoke about the need for insurance for groups wishing to operate a social enterprise. In some cases the risk of liability made a municipality unable to provide coverage under their policy. In others, they were able to provide the insurance.

The biggest things are liability and insurance issues. Insurance [is] often what stops [something] in its tracks. They want people to be more active, but people
don’t want to get hurt doing it, and the insurance can get astronomical and they can’t do it. The recreation committee for the municipality purchased a bunch of kayaks and canoes to either rent or loan, but unfortunately the liability of those canoes and kayaks and the ability to cover the costs wasn’t even close to what the renting was going to be made. They had to sell them again.

Community groups operating revenue-generating activities can generate more revenue if they can be covered by municipal insurance and supported by by-law exemptions.

As is evidenced by the data above, there are many ways municipalities can build on existing capitals by leveraging others to develop effective social enterprises for rural community diversification.

It is the people who drive the chain reaction that develops social businesses. Those individuals see opportunities where others may see only difficulties. They are also willing to take a risk to explore how community capitals can interplay to create viable ideas that can generate revenue, provide new services, and create vital rural communities. The capitals influence each other in keeping with Flora and Flora’s (2008) notion of a community ecosystem. These capitals can work in harmony with one another, and contribute to community well-being and viable livelihoods.
Chapter 6: Summary and Conclusions

6.1 Introduction
This research was conducted to provide social enterprise stakeholders with a clearer picture of what municipalities are doing in the area of social enterprise development. In the problem statement it was asserted that:

Rural municipalities have a critical role to play as intermediaries in the social enterprise development field. This level of government is crucial in the development and maintenance of social enterprise activity in rural and remote contexts, because it is the most reflective of local conditions, concerns, values and histories. Most municipalities do not see, or understand, how they can leverage municipal and community assets through social enterprise development. This chapter comprises five sections:

1. Confirming one definition of social enterprise
2. Rural and remote municipalities’ involvement in social enterprise development
3. Municipalities and non-profits in rural and remote areas
4. Regional, provincial and federal government policies
5. Importance of place

6.2 Confirming one definition of social enterprise
Municipalities are, in essence, non-profit organizations. Although their structures have been defined by legislation, they exist to manage and develop many functions that provide community well-being and a civil society. As asserted in the literature review above, and verified by interviewees, there is not one unified definition of social
enterprise. At root it, seems to be a unifying idea for organizations, businesses, and individuals engaging with the economy in new ways, and with the intent of improving society.

The provincial government includes private for-profit enterprise in its definition. In this research there were examples of corporations that were tightly held by municipalities. In the past, this researcher was very clear that the ideal corporate structure for a social enterprise was as a non-profit or as a co-operative. These two structures include criteria for how profits are used for public good; typically, for-profit corporations have no such requirements that profit be used for public good.

In one of the case studies, the municipality was the major shareholder in a private company, with profit going back to the municipality. This example challenged the researcher’s own definition of social enterprise. It seems helpful to include for-profit corporations that are tightly held by the municipality, or non-profits from which profits go back to producing public good.

Lang et al., (2016b) concluded that there is no common definition of social enterprise used by rural and northern stakeholders in Ontario. They also asserted that this leads to confusion about the definition and purpose of social enterprise. Since social enterprise development is a cross-sector strategy that can include many sectors, it also often requires cross-sector collaboration. These researchers also noted that provincial policy support of “for-profit social purpose businesses has somewhat eclipsed attention to non-profit social enterprises, particularly those outside of urban areas. [Policy] is also influencing the definition of social enterprise success and scale. It is difficult to compare non-profit social enterprise with for-profit businesses given the accountabilities of non-profits to multiple stakeholders” (Lang et al., 2016b, p. 20).
The key question in the definition of social enterprise remains one of who controls the money, and how is it earmarked. In the case of a private sector business there is no requirement for there to be public transparency of revenue and expenses. Municipalities and non-profits have a duty to be transparent.

In this research, the researcher began to use the term “civic enterprise”\(^8\) within the broader definition of social enterprise. Civic enterprises are municipal services for which user fees are charged (e.g. access to swimming pools and hockey arenas). Civic enterprises are thus operated by municipalities for public good, but they are acting in the free market, providing a service directly to customers. Civic enterprises also include corporations that are tightly held by municipalities. These activities are common in rural and remote municipalities.

In addition to civic enterprises, municipalities also support non-profit and co-operative organizations in a variety of spheres, including health, education and quality-of-life. All of these activities contribute to the economic, social, cultural and environmental vibrancy and sustainability of rural and remote regions.

At the close of the research, the researcher adopted the following three types of activity as falling within the definition of social enterprise:

- Earned-revenue activities being undertaken by municipalities, including hall rentals, arena operations and other fee-for-service activities.
- Activities operated under private or non-profit corporations that are wholly owned and/or controlled by municipalities.
- Social enterprise activity being taken on by non-profit organizations or co-operatives with support from municipalities.

\(^8\) The term “civic” enterprise was first identified during an interview with Paul Nichol from the Huron Business Development Corporation in summer 2016 as part of the research for this dissertation.
In each case, social enterprise activities operate to provide services or products for sale, and any profits are then invested in the enterprise or community, for social good. Social enterprises are mandated to be transparent about all financial activity.

In May 2017, the Ontario Social Economy Roundtable (OSER) released the Ontario Social Economy Charter. This researcher was a signatory to the charter. OSER is a group of institutions and individuals working to clarify the boundaries of the social enterprise field.

OSER aims to achieve the following goals:

- Be a unified voice for the social economy sector within the province of Ontario.
- Facilitate connections among organizations working in the social economy sector.
- Share common resources to actively heighten the social well-being of communities.
- Improve understanding of the social economy sector, its needs and its opportunities among Ontarians and among decision makers.
- Promote the utilization of alternative solutions.
- Increase financial and other resources available to the social economy sector.
- Encourage an enabling regulatory environment to facilitate the work of the social economy sector” (Ontario Social Economic Round Table, 2017)

OSER finalized this charter after many years of consultation and collaboration. The OSER charter “solidifies the values of the social economy in Ontario. It offers a look at this ecosystem, puts definitions in place and shines a spotlight on the role of
stakeholders in the social and economic development in the province” (Ontario Social Economic Round Table, 2017).

OSER defines the social economy as a third sector that is positioned between the private and public sectors and includes non-profits, co-operatives and community ventures. This third sector focuses on finding solutions to solve pressing social and problems that are not being resolved by either for profits or the public sectors. OSER members value “democratic governance of the economy, sustainability, environmental responsibility and innovation, equality and inclusivity, collaboration across generations, regions and cultures, engagement and active participation of citizens within community projects” (Ontario Social Economic Round Table, 2017).

As municipalities develop and support more and more social enterprises, they may want to work with OSER towards social economy and social enterprise development. Municipalities can have an active voice, and can be very influential in the future viability and vibrancy of the social economy in their jurisdictions, provincially and federally.

6.3 Rural and remote municipalities’ involvement in social enterprise development

As noted, rural and remote municipalities are active in the social enterprise field, yet it is a challenge for municipal councils and staff to look at unconventional enterprises models.

*As a municipality we match round pegs to round holes … When you look at the new economy, especially with social enterprise, it’s a different format that may not comply to the by-laws, so in the future as they start going down this road they have to start looking at the legislative regime in order to enable these opportunities.*
Public perception of municipalities earning revenue may be questioned. A number of interviewees spoke about their concern over public perception of municipalities earning revenue.

*One of the difficulties is image, where social enterprise is designed to generate profit, but from the public perspective, the government shouldn’t be able to generate money.*

*Municipalities are like not-for-profits, where they can generate revenue. I feel that the] negative public perception that the government is making money should be changed, [it should be communicated] that the municipalities are not competing against the private sector.*

*In spite of government policy and investment in places, people are doing really creative things. The main point is to pay attention to the neat stuff that’s going on and support where there is already motivation and interest – even small amounts.*

These concerns about municipalities generating revenue create tensions that can be resolved with more knowledge and strategic discussions that will lead to good decision-making.

Municipalities are acting as social enterprise practitioners. In three of the case study sites, the municipalities were practitioners: they were operating social businesses. In her research for the Rural Social Enterprise Collaborative this researcher and her colleagues found that Ontario municipalities are operating diverse social enterprises that include: museum shops, community halls and areas, art galleries, public transit, festival heritage days, solar and renewable energy, library enterprises, a ski hill and ski school, a community radio station, humane societies/shelters, gravel and road services,
senior citizen housing and assisted housing, a recycling plant, community gardens, a youth centre with numerous enterprises and an environmental assessment firm. Social enterprise is, then, quite common; municipalities can learn from each other about these unique forms of business activity.

During interviews, many interviewees spoke about their need for professional development in social enterprise so that they could be more effective in their roles. Lang et. al, (2016a) also identified that municipal social enterprise practitioners are interested in accessing support from qualified people with specialized knowledge of social enterprise development. The social enterprise field requires knowledgeable practitioners so that the ideas pursued are more likely to be successful.

Municipalities also act as social enterprise intermediaries. This researcher defines social enterprise intermediaries as organizations or networks that connect people, ideas and resources, and create the conditions for successful social enterprise development. Municipalities acted as intermediaries in five of the case study sites. As intermediaries, municipalities can use the many practices that were defined earlier in this document.

In Lang, C. et al., 2016b research, the practitioner/researchers found that rural intermediaries defined their own organizational or geographic boundary. This was true, also, in the case studies in this research. In some cases the geographic boundary was the municipality; in others the perceived boundaries were county or regional.

In the Rural Social Enterprise Collaborative’s work, the practitioner/researchers also noted that intermediaries, including municipalities, had “many of the same challenges as the non-profits…. These include sustainability issues, shifts in staffing and funding, changing organizational priorities, and evolving priorities of key funders…. Out of necessity, regional partners were focused on sustaining their own work. Yet, they have expressed an interest in working and sharing across regions if and when those
conversations are convened by trusted parties and financially supported" (Lang et al., 2016b). The research for this dissertation also documented the vulnerability of rural and remote municipalities, to support Lang et al.’s findings.

6.4 Municipalities and non-profits in rural and remote areas

With almost 55,000 organizations generating “over $50 billion dollars annually, or over 7% of Ontario’s GDP, the non-profit sector coordinates over seven million volunteers province-wide, and employs over 600,000 Ontarians. In addition to its impressive economic contribution, the non-profit sector stewards social, cultural and environmental assets on behalf of the people of the province. In sum, non-profits are a major contributor to the maintenance and development of civil society and the economy” (Ontario Nonprofit Network, 2017).

In spite of its size and impressive responsibility for civil society, the not-profit sector is not doing well. In a recent study of the sector for the Mowat Centre, Brian Emmett, Chief Economist for Canada’s Charitable and Nonprofit Sector, noted that “donations, government grants and contributions will not keep pace with increasing demand for services. This will result in a social deficit that will manifest as unmet needs in the community. There is a need to reexamine administrative relationships, regulatory regimes, and how we work together for the common good” (Lalande and Cave, 2017 p. 1). The study also noted a sustainability challenge within the sector: “While social enterprise will not be the solution to the sector’s growing funding needs, it has the potential to help charities increase revenues. Yet there are regulatory restrictions affecting their ability to earn revenue” (Lalande and Cave, 2017 p. 8). In another recent study Ryser and Halseth (2014) explored “the changing capacity and role of the voluntary sector in rural areas and small towns” in order to “highlight thematic directions and opportunities for the Canadian rural voluntary sector” (Ryser and Halseth, 2014, p. 42). They provide a good analysis of the backdrop for municipalities that are
exploring their roles in supporting not-for profit organizations and their social enterprises.

The article begins with the observation that the “global economy is [increasingly] about diversity, speed and change,” and that this tendency has created increasing pressure for “bottom-up” community development (Shortfall and Warner 2010, Argent, 2011, cited in Ryser and Halseth, 2014, p. 42). The authors are quick to point out “while public policy has countenanced increasing bottom-up aspirations, it has concomitantly and systematically removed basic supports in terms of services and associated skills of former public sector workers” (Ryser and Halseth, 2014, p. 42 citing Markey et al., 2007). In rural areas, especially, this can be seen as a “loss of quality-of-life amenities,” and as a result an erosion of the “robust foundation” of amenities and services “necessary for both the recruitment and retention of people in a community” (Ryser and Halseth, 2014, cited in Ryser and Halseth, 2010, p. 42).

The authors move on to describe the “role of the voluntary sector in the new rural economy” as one of “helping communities cope” and “promoting economic renewal,” as well as assisting to “mobilize, increase, and bridge [various] types of capital.” The voluntary sector therefore has a clear role in building “routine opportunities for interaction that, over time, can nurture ‘well-worn’ pathways [to] get things accomplished … [building] both experience and trust” (Ryser and Halseth, 2014, cited in Ryser and Halseth, 2010, p. 44). The authors are quick to point out, however, that “organizations in rural areas and small towns operate in a very different context than similar types of organizations in an urban setting,” primarily in the respect of “distance,” spatial and social, that “exacerbates the possibility that policy makers do not understand small places” (Ryser and Halseth, 2014, cited in Ryser and Halseth, 2010, p. 45).

When it comes to “barriers to renewing the rural voluntary sector,” Ryser and Halseth (2014) identify seven distinct barriers:

1. [Barrier 1]
2. [Barrier 2]
3. [Barrier 3]
4. [Barrier 4]
5. [Barrier 5]
6. [Barrier 6]
7. [Barrier 7]
• “attitudinal barrier” related to “readiness for change,” but also related to organizational protectionism … [or] reticence” (citing Sobels, Curtis and Lockie, 2001)
• “operational barriers” related to a “lack of ongoing attention to renewing organizational roles, mandates, policies, procedures and tools” communications barriers between organizations but also in “generational differences” that lead to rural organizations struggling to connect to or “recruit younger people”
• “financial barriers”: the authors note that there are “fewer grant programs,” many of which have “outdated frameworks or misunderstand rural realities and operating costs” (citing Ryser and Halseth, 2010)
• “limited human resources” also limit success, especially where “most training and capacity building supports are concentrated in metropolitan and urban settings” (citing Ryser and Halseth, 2006b)
• infrastructure barriers are also ever-present in rural areas, most often in technology, but also more generally where “space within communities for meetings, operations, and program delivery, as well as equipment and material storage, can be a problem”
• policy barriers, the authors argue that “policy has not kept pace with the changing realities of rural areas and small towns” (citing Leipert, et al., 2007; Walsh et al., 2012)

While policy has changed to reduce risk to central governments, these upper levels of government have downloaded the responsibility for meeting the needs of people in local communities by transferring them to voluntary groups and municipalities. The assumption and expectation that the voluntary sector can bear the burden of this responsibility without adequate supports is a flawed, and is causing significant stress to local levels of government and the non-profit sector. Financially, the voluntary sector is increasingly looking at “obtaining or sharing a grant writer,” creating more “social enterprises,” and reflecting the “importance of adopting accountability measures in order
to secure government funding” (Ryser and Halseth., 2014, p. 48). Partnerships are also increasingly critical: “in some communities, the local government … takes care of the administration of contracts for some voluntary and non-profit groups that have part-time staff” (Ryser and Halseth., 2014, p. 48, citing Ryser and Halseth 2013b, in Ryser and Halseth, 2014). Finally, “smart infrastructure” is noted as a possible innovation, essentially amounting to seeking free or low-cost spaces to use, but also “sharing client information, budgets, and staff and administrative resources” between organizations” (Ryser and Halseth., 2014, p. 49).

The role of the NFP sector is not well understood by councils and staff. This lack of understanding makes it difficult to support the sector. As noted by one interviewee

Private/public/NFP pillars make communities go around. Often it is the NFP that is the last pillar that people think about in terms of getting things done. In terms of civic entrepreneurship … we are seeing the NFP sector starting to fill in the gaps left in communities by the failure or inability of either the public or the private sector to take care of it. The role of NFP and volunteerism is enhanced in making their communities a better place.

An Optimist club or Community Futures program for instance, will get things done because there is a need for it to be done. Municipalities don’t think that way, but rather “we’re going to do what we have to do, let’s not spread our mission too thin and if we’re going to do something we’re only going to do it because it’s going to pay for itself or generate revenue.

In this research, we have seen that as municipalities partner with non-profit organizations, they are able to improve services and opportunities for rural and remote people.

Small municipalities are financially-stretched, and may benefit from the use of municipally-owned or cross-sector social enterprise strategies through collaboration to
maintain or develop service offerings or create new opportunities and sources of revenue.

Lang et al. documented that “key rural stakeholders need to understand where non-profit social enterprise fits with existing policy, mandates, and mindsets. It is still being determined how and whether social enterprise approaches can assist in a range of areas, including municipal economic development, business retention, cultural mapping, regional tourism, and local food system and/or agricultural development” (Lang et al., 2016a, p. 12).

In this research, we observed that the case study municipalities are supporting local social enterprise development, and in some cases aligning their work with key stakeholders. This role of municipalities in supporting non-profit social enterprises is not well documented or promoted. Interviewees talked about the importance of being able to learn from each other and all were interested in participating in professional development work coming out of this research.

Interviewees identified the importance of developing ways to demonstrate economic, environmental, social and cultural value. Rural and remote municipalities typically want to know how anything that they are asked to become involved in will bring economic results. In the social enterprise field, the enterprises typically have financial outcomes, but it is often the outcomes that are less easily quantified – those regarding community engagement, healthier environment, or enhanced culture – that are most prized.

Lang et al., 2016a similarly noted that “making connections between non-profit social enterprise and municipal policy mandates related to local economic and social development will be particularly fruitful. Such connections could assist communities in areas such as employment creation and income security, affordable housing, cultural development, youth development, land use, local food, alternative energy, and social
procurement. Identifying and sharing effective practices in municipal involvement in social enterprise would help support more place-based social enterprise policy and further municipal investment in social enterprise” (Lang et al., 2016a, p. 23).

6.5 Regional, provincial and federal government policies

During research interviews, interviewees were provided an opportunity to talk about how things were going in their municipalities. Although the purpose was to research rural social enterprise, people were very clear about the many difficulties that rural municipalities are encountering.

*Small-town Canada has big problems, having suffered decades of neglect in terms of all that boring stuff that cities should have paid attention to.*

*Province and feds should have more direct links with the municipality in terms of development of vision and [any] application of a program. Things get lost in bureaucratic translation, and the biggest problem is the politics of it – how do you make good policy happen where it actually turns into concrete action?*

Interviewees in the north had concern that northern municipalities are losing funding opportunities and resources. They commented on changes to FedNor and how those changes are affecting communities:

*The funding context for Northern Ontario continues to change, and [these] changes are perceived to include less and less focus on northern communities. FedNor has, until recently, been providing support for projects that municipalities and other stakeholders used for specialized economic development projects. The decrease in FedNor’s budget is having its impact.*
They cut the budget about in half for FedNor, which is a real issue because FedNor could be the one who would insist on these kinds of projects, more spending everywhere, but Northwest Ontario is being ignored.

Carbon tax regulations and energy costs are one of the biggest problems facing municipalities. The increase in energy cost and upcoming carbon tax regulations are a threat to maintaining and operating public buildings and services in rural areas.

We are looking into upgrading our recreation centre, which is a very important piece of the culture of a small town, more so than in cities. The arrival of the carbon tax regulations from the government will increase the energy costs of maintaining older buildings, which will kill us.

Baldocchina, et al., recently captured a few key points about how rural and remote areas are increasingly viewed as “peripheral to/in the global economy, their inhabitants written off as net losers; their businesses, organizations and infrastructure unworthy of investment…. Fueled by the dictates of late capitalism and the allure of a neoliberal ideology … places are both meaning makers and meaning markers: with and through those who inhabit them, they produce and articulate notions of locality and identity to expand horizons of aspirations, forge new economies, refresh livelihoods, and embolden communities in fundamentally distinct and transformative ways that are not subservient to larger urban centers and are respectful of human scales”. (2016, p. 311)

Rural and northern municipalities represent some of the peripheral areas of Ontario that are not considered part of the provincial and federal mainstream. Ontario is a very large province, with many distinct and diverse regions that are missing out on opportunities. Interviewees clearly spoke about feeling distant from provincial and federal government decision-makers. Policies that affected their responsibilities were viewed as being unreasonable for areas with lower populations.
6.6 Importance of place

The case studies presented above show how rural, place-specific capitals can be put to work to address community issues such as employment for vulnerable women, access to local food, transportation costs and water. In recent policy recommendations to the social enterprise branch, the ONN reinforced the need to account for place-based initiatives. They call for policies designed for urban centres to be complemented by others designed for, and with, rural and remote community stakeholders. In sum, the ONN is calling on policy-makers interested in social enterprise to build in place-based flexibility in acknowledgement of the uniqueness of different places.

The ONN is not alone in calling for place-based policy sensitivity. Bullock (2013) cautions the sector to maintain its connection to place and to its values when expanding into policy development. Bradford further echoes these concerns, claiming that the “challenges of economic innovation, social and cultural inclusion and ecological sustainability” are most effectively met when federal bodies “engage local government networks” (Bradford, 2008, p. 2). This “spatially-sensitive perspective” may be an appropriate antidote to “traditional approaches” to policy that too often “ignore local voices and devalue community and municipal assets” (Bradford, 2008, p. 2). Finally, both the Federation of Canadian Municipalities, and community-based organizations reinforce these claims more broadly.

Other rural-focused academic researchers also concluded that people identify with place, and that identification leads to identity and motivation: “Thus in development research and practice, we must explore the connections of people to their environs, their life in various spaces, and their daily practices. From here it is possible to consider how the notion of identity is at play, the spatial extent at which it operates, and in turn,
how regions and identity are mobilized in place-based development” (Breen et al., 2016, p. 286).

Breen et al. go on to identify a “long public policy tradition rooted in individualism. Our institutions reflect this in their focus on individual rights, commitment to private property, and individual freedom. Community or collective development efforts run counter to this tradition” (Breen et al., 2016, p. 304). Social enterprise is often led by cross-sectoral collaboratives; they have a difficult time fitting into the current policy development paradigm focused on the… privileges of individual citizens rather than on communities as a whole. Further, Breen et al., (2016) call attention to customary sectoral divisions – even within both the natural resources sector and the social services sector – as an additional factor “making it difficult to recognize and act where (different sectors) converge” (Breen et al., 2016, p. 304) outside of the abstract policy sphere. Finally, “tendencies toward urbanization and centralization of power and wealth also undermine and inhibit place-based approaches” (Breen et al., 2016, p. 305).

We may thus see that a focus on individual citizens’ rights (potentially at the expense of local collective development), coupled with a long tradition of sectoral divisions and an ongoing urbanization trend makes it increasingly clear that without high-level policy attention to place-based differences, small communities will be hard-pressed to innovate and solve problems using social enterprise strategies.

As noted, the policies and investments focused on the development of social enterprise in Ontario are not systematic, but rather a piecemeal response to what could be a very effective approach to solving complex social, environmental and economic problems. Social enterprise development often involves cross-sectoral work and, as with community economic development, it will likely take more time for the field to be understood well enough that a multi-stakeholder framework, and definitive policies, may be laid out. In Ontario, we do not have a system for, nor do policy-makers have a clear
understanding of, the role of people and place. In Ontario, where the Ministry of Economic Development and Growth has developed a social enterprise branch, it takes the approach of supporting social enterprise development through a network of intermediaries – some of which claim to work in rural and remote regions, but are in fact located in larger urban settings. The peculiarities of rural and remote locations need to be clearly understood by practitioners working to provide support to social businesses.

Practitioners are leading the field, and it will still take some time for policy-makers to catch up. These practitioners are using their ingenuity to navigate a complex, fragmented ecosystem. As noted in the case studies, the practitioners have developed some social enterprises that are making a significant difference to rural and remote economies, and to citizens’ quality of life. Policy-makers at all levels of government would benefit from bringing these early adopters and their experiences into the process, as decisions are being made about their roles in the ecosystem.

Interviewees in this research noted that it is clear that there is more focus on urban environments and for-profit structures than on rural contexts and not-for-profit operations.

This researcher has been working in Community Economic Development (CED) for a quarter of a century. Social enterprise is a strategy for CED. People are very committed to their communities – their places – so many of them have motivation to improve their contexts. These practitioners sometimes use social enterprises to solve complex problems in their locales. Community economic development happens from the inside out – and from the ground up.

Interviewees in this research were all working to improve the conditions in their own communities. They were local people, with local knowledge, who addressed challenges and/or developed opportunity based on local capitals.
In Manitoba, CEDNET members worked with the provincial government and co-created a policy framework that led to the development of a series of strategies to support workforce-integration social enterprises. This direction will clearly influence economic and employment opportunities in the province. The beauty of having co-created the policy and strategies is that many stakeholders are now motivated and aligned to support the province’s most vulnerable people using social enterprise strategies.

As mentioned in the literature review, the Quebec Rural Pact also created a policy framework and investment tools to support rural and remote social enterprises. This focus has led to the creation of thousands of jobs and many other community benefits.

OSER is working to unite the field in Ontario, and through its charter now has a foundation in place for inviting other stakeholders to co-operate and collaborate on developing an Ontario-specific social enterprise policy framework. OSER represents practitioners and intermediaries, and so brings the perspective of practitioners forward. At present OSER represents a small number of people and institutions, but the signatories of the charter are working to create a foundation that would be less competitive and more collaborative. The work of OSER is built on the values and principles laid out in the work of CCEDNet which provides a solid underpinning for a system that is designed to use the economy in creative ways, with a specific focus on place-based work.

The federal government is currently moving forward on an agenda of learning more about, and potentially investing more resources into, workforce-integration social enterprises. This researcher has been active in this type of social business, and from her past research can attest to the positive change that employment in this type of business can make for vulnerable people who have difficulty connecting to the economy. From this researcher’s work in urban and rural Ontario, it is clear that this
type of enterprise is becoming quite common in urban Ontario. Throughout this research, only one example of a workforce-integration social enterprise emerged. This type of social enterprise is far less common in rural Ontario, despite being a powerful way to create jobs and link people to the economy. Rural and remote workforce-integration social enterprises provide an opportunity to tackle employment creation – something that interests all rural and remote municipalities.

This research demonstrates that there is a vibrant field of practice in social enterprise development in rural and remote municipalities. Yet none are linked to the system of support that is being developed by the other levels of government. They are working on very creative ideas that build multiple capitals and improve rural and remote community vitality.

To have a truly enabling and aligned (helpful and organized) ecosystem of support for Ontario social enterprise we must start with a policy framework created by all stakeholders in the province – from the ground up. This will require stakeholders from a variety of jurisdictions, and communities of interest, to work together.

The final chapter provides the key policy leverage points for municipal and other public policies in facilitating effective and fruitful rural Ontario social enterprise development, per Objective 5 as set out in the methodology.
Chapter 7: Recommendation: a framework for social enterprise practice and policy supports

7.1 Introduction

As shown, rural and remote municipalities are already active as both practitioners and intermediaries in social enterprise development. Their work is happening in isolation, without connection to the social enterprise sector. This research has identified the many ways that municipalities are already active contributors to the development and operation of rural and remote social enterprises. Yet their work is invisible to their peers, and to other levels of government that could support their work. Their activities are viewed as being discrete, rather than a part of a movement.

The final objective for this research was to determine key leverage points for municipal and other public policies to facilitate effective and fruitful rural Ontario social enterprise development. This section provides a framework for the practice and policy supports necessary for this field to thrive. It provides pathways for the development of a more vital social enterprise ecosystem.

There are many stakeholders involved in Ontario’s social enterprise ecosystem, but they do not necessarily see themselves as part of a system. They include local, provincial and federal governments, school boards, post-secondary institutions, individual non-profit organizations and all their associations and networks. These many participants now operate in only their own sectors, but the social enterprise movement provides a place to work together in a cross-sectoral manner, which would enable them to tackle the more complex problems that we face. As demonstrated earlier, the
outcomes of social enterprises often include social inclusion, preservation of heritage and cultural sites, public control of energy and water assets, and positive environmental change. Social enterprise as a cross-sectoral strategy can preserve, maintain and enhance many aspects of rural and remote community life.

Here is a framework for how these multiple stakeholders together can develop a system of support and an enabling environment for social enterprise developers to connect and work together for positive social, cultural, environmental and economic change.

Diagram 12 below provides a schematic of the framework whereby all stakeholders work together to build a system of support – an enabling environment. This framework can be a mechanism for attaining a functioning ecosystem if stakeholders work together to build an enabling and aligned policy framework. Municipalities as practitioners can be the beneficiaries of supports; as intermediaries they will also play an active role in the creation of a more vital social enterprise ecosystem. This section demonstrates why all
components must work together to attain an effective ecosystem in which social
to really flourish.

7.2 Building a system of support: Provide regional social enterprise intermediary
business supports with relevant resources and research

Federal, provincial and local governments already provide significant support to private
sector business development. Social enterprises are significantly different from for-profit
businesses, in that they provide multiple outcomes, beyond the economic, which can
help all levels of government, achieve their objectives. Many who provide support to for-
profit businesses might also support social enterprises. But they do not necessarily
have a background in working effectively with non-profit structures.

In Ontario there is no cohesive system or consistent set of supports for social
enterprise within or across regions. There are, however, business resources and
services mandated by government. Non-profit social enterprise should have
access to these services. Some of these efforts are designed as rural place-
based approaches to local business and regional economic development.
Community Futures Development Corporations (CFDCs), regional development
funds and municipal economic development offices are three such place-based
operations.

Access to appropriate business supports leads to successful social
enterprise development. In each of the case studies the founders took a do-it-
yourself approach, especially in the early stage of development. They found
advisors with specialized knowledge of “business and finance, real estate,
agriculture, food, the environment, as well as the social sector. They did not seek
out grants for start up or tap into the expertise of formal business enterprise
development services, with one exception. (Lang et al., 2016b, pp. 95–96)
Interviewees for this research talked about their lack of knowledge of social enterprise and did not know where to go to access support for their work.

*From a political perspective we need to educate our council on what social enterprise is, and why it’s beneficial. Social enterprise rarely comes up as a topic per se; there are one-off conversations, but not the broad base[d] ones.*

Lang et al., 2016b noted that there were business development supports in their case study regions, but that leaders relied on their own networks more than on the formalized supports. These did not typically have staff trained in working with non-profit organizations. If they were trained, they might be a support to social entrepreneurs in rural communities and significantly enhance the number of municipal and non-profit social enterprises that solve some of the more complex problems.

There is no one entry point for social enterprise capacity-building. Local and regional governments and other intermediaries have a role to play in convening stakeholders such as non-profits to help identify gaps, and leverage investment in the sector. Rural and northern intermediaries need to be recognized in this role, and funded for it as well.

Interviewees for this research noted a recent trend to fund larger organizations in more urban settings. The place-based knowledge and experience of smaller and more localized rural social enterprise intermediaries must be recognized. There is an opportunity to support regional intermediaries in taking the lead in social enterprise sector development in their own regions, inter-regionally, and provincially.

Interviewees talked about wishing to access social enterprise training sessions for rural municipalities. Such training sessions could provide information about supports that are in place for social enterprise development, and municipalities might also be helpful in coordination and communication across the province on the needs of rural and remote
social enterprises. Rural and remote municipalities have a lot they can learn from each other, and the more they connect among themselves, the stronger their voices will be in the broader sector. Interviewees spoke of wanting a greater voice for their work.

One interviewee spoke of the importance of including social enterprise in strategic planning and policy development. County-level strategic planning needs to incorporate lower-tier involvement in plans, to support social enterprises. This would create a framework for aligning both the county and lower-tier municipalities in moving forward on supporting social enterprises.

One interviewee spoke about being able to access tools:

*Having a template to use for setting up a bylaw, checklist or structure supports. These tools would provide guidance on the types of things you need to think about when forming a social enterprise partnership and other details when setting up a social enterprise.*

There is a need to strengthen social enterprise support by deepening the capacity of rural and northern non-profits and municipalities in engaging strategically in social enterprise activity. Building the knowledge and skills of people in supporting social enterprise development would enable rural, regional and northern intermediaries to take a lead in social enterprise sector development.

*Invest in sector builders who are well-trained social enterprise developers*

The purpose of RSEC was to build the capacity of rural and remote social enterprise developers. What RSEC practitioner/researchers learned was that there are very few people in rural and remote areas with the expertise necessary to work effectively with social enterprises, regardless of their stage of development. To fill this void, RSEC organized two-day cross-regional social enterprise practitioner institutes. More than 60
rural and remote residents attended these institutes, all with an interest in providing consulting services to social enterprises. The RSEC team leaders provided attendees with a variety of social enterprise development tools developed over the last 20 years. Social enterprises are not just businesses – they are social businesses, and so those supporting their development need to have specific knowledge and expertise in working within non-profit structures.

Business support services across Ontario typically have a for-profit focus and expertise in supporting that type of business. What is needed is training for people in the business support system on how to work effectively with social enterprises. Social enterprises have different types of risks than for-profit businesses; they have broader objectives and more far-reaching effects.

Rural and remote municipalities would benefit from capacity development and time to participate at a provincial level. They are missing out on provincial and federal opportunities through a lack of the knowledge, capacity or time to keep up with opportunities. As mentioned, it is difficult for them to find staff time to stay abreast of all the changes and opportunities as they roll out. Some municipal leaders do not have the technological literacy to participate in emerging opportunities that use social media. Basic skills, such as proposal development, are often hard to find in these communities.

The learning resulting from this research, RSEC and the New Directions projects is that the social enterprise activity in rural and remote communities has led to the development of knowledge that could be shared and used by others to better understand, and effect, social enterprise development.

There are both private and public-sector business consultants working throughout rural and remote Ontario. These consultants, if trained in social enterprise development, could increase the proliferation, and the likelihood of success, of civic and non-profit
social enterprises. This research has highlighted the creative enterprises that municipalities and non-profits are engaged with in rural and remote areas. These and other social enterprises demonstrate that there is social enterprise activity that should be better supported in rural and remote areas. Knowledge of these cases can be shared between urban and rural constituencies, contributing to a more integrated social enterprise sector, while taking into account local concerns and needs.

Interviewees spoke of the need for more knowledge of other social enterprises, business development strategies and models. They were also interested in being linked to networks of social enterprises and examples of what other municipalities are doing to support their development. The results of this research and Lang et al., 2016 a and 2016 b clearly identify the need for more investment in social enterprise capacity-building for rural and northern non-profits. If the ecosystem is to mature, there must be direct investment in capacity-building.

7.3 Creating an enabling environment by developing inter-regional and provincial networks

As mentioned, OSER has recently launched a social economy charter. This is an attempt to bring together the many players entering the social enterprise ecosystem. Many newer players do not understand non-profit realities, and so are of limited usefulness. OSER has not yet focused on supporting the linkages and coordination between urban and rural social enterprise.

In this research, the highlighted case studies provide summaries of the ways in which municipalities support social enterprises in their own jurisdictions. Some interviewees were aware of a number of social enterprises, but only a few were aware that social enterprise is actually a defined field of practice. And so rural and remote regions are missing out on the opportunities that are available in Ontario and Canada.
The social enterprise development ecosystem has many layers: local, regional, provincial and federal. Local social enterprises must link to one another across these many layers to learn about, and to support, each other’s work. One of the highlighted case study projects has grown to be a regional social enterprise through involvement with the network of local municipal economic development officers.

RSEC recommended that the building of networks be given priority through:

- Deepening the capacity of rural and northern non-profits in engaging strategically in social enterprise activity
- Investing time and resources in strengthening rural and northern regional supports for social enterprise
- Creating ways for rural and urban social enterprise practitioners to connect, share and co-create the social enterprise landscape
- Aligning regional, provincial and federal funding to support local social enterprise activity (Lang et al., 2016a, p. 26)

These networks are central to building a strong social enterprise field in Ontario. They are also necessary for the acceleration of social enterprise development in rural and remote areas. We also know that collaboration requires time and resources. For the social enterprise sector to move forward, investment is needed to support sector developers and intermediaries to convene and foster collaborative approaches.

There are still a number of distinct communities of interest that have not yet connected to the social enterprise ecosystem. Community Futures Development Corporations, Indigenous development funds, school boards, specific non-profit networks such as Community Living or environmental networks, employment-focused organizations, and local economic development officers and OMAFRA regional rural advisors – all have a role to play in non-profit social enterprise and should be linked to work in regions, and at
the provincial level. If all of these communities of interest were networked into the social enterprise ecosystem there would emerge many more creative solutions to the complex problems that rural and remote municipalities deal with.

In the earlier section on the importance of place, this researcher made a case for why place matters. In the social enterprise development field, rural and remote regions are unique, yet they also have some common characteristics. Without regional and inter-regional linkages, strengthened capacity and funding for existing intermediaries such as municipalities, it will be difficult to build a strong provincial sector. The role of intermediaries is central to the development of the field, and if municipalities are to be effective in that role, they will need to be recognized and funded to convene and coordinate supports for social enterprise.

The importance of funding cannot be overstated. Rural and remote regions are not being supported to the same levels as urban centres. Interviewees observed a general merging of investment into larger funds that are open to everyone in the province. Funders are also often prescribing outcomes that applicants must achieve.

Funding is also going to the development of collaboratives, since the solutions to many complex problems require cross-sectoral commitment. These approaches are leading to an over-simplification of community development activities, when funds should be supporting the diverse approaches that people in their communities want to take. Effective collaboration takes time, and the support for this foundational work in communities is not available. Funders are no longer interested in what people are doing to solve complex problems, but rather what “outcomes” they are trying to achieve. This approach is making it very difficult for people who are developing social enterprises, because they typically are working to solve a complex series of problems with one enterprise, and work towards multiple outcomes. A continuum of policy incentive programs, much as in Quebec, with small amounts of funding attached, could be used
flexibly by communities to address their specific needs and capacities. In Quebec, as was highlighted in the literature review, rural social enterprise development funds were allocated equally by the municipal, provincial and federal government. These were organized into regional pools that could be accessed by non-profits and municipalities to support their social enterprise ideas that created jobs. The fund was focused on creating employment, and thousands of new jobs were created, along with many other results. A similar fund in Ontario would go a long way to creating the kind of future that Ontarians deserve.

**Facilitate government and institutional partners’ collaboration and coordinating their efforts**

In order for there to be cohesive practice and policy supports for rural and remote social enterprise ecosystem vitality, significant effort must be put into establishing links among the players and coordinating their efforts. Once coordination is effected, collaborations can be formed wherein multi-sectoral partners work together on ideas that solve complex problems. From the present research, we have seen that municipalities are active practitioners and intermediaries in rural and remote social enterprise development, yet the majority of their work is occurring in isolation, and without supports from other levels of government.

As highlighted in the literature review, Manitoba and Quebec have social enterprise policy frameworks that were co-created by government, institutions and practitioners collaborating and coordinating. This was possible because of stakeholder commitment to social enterprise at all levels of government in those provinces. In Ontario OSER is working on the foundations that must be in place in order for social enterprise to achieve its full potential in this province.

Again per the literature review, Scotland has the most robust social enterprise policies and investment structures in the world. And these policies are transforming the
economic, social, cultural and environmental condition of that country. Most interestingly, research shows that the majority of that activity is in the rural and remote regions of Scotland.

In this research interviewees spoke of how municipalities provide the face of government for people in their communities. As local operators, they are viewed in a different way from federal and provincial government representatives.

_The councillors are the keepers of the tax dollars and municipalities are on the front line, and therefore more responsible to the taxpayers than any other level of government._

Interviewees spoke about the need for county-level strategic planning to incorporate lower-tier involvement in plans for supporting social enterprises. One interviewee stressed the importance of including social enterprise in strategic planning and policy development: this would create a framework in which both the county and lower-tier municipalities would be aligned, as they move forward in supporting social enterprises.

The interviewees in this research work with people “on the ground,” where they live, work and play. They see that their work is under-resourced, and are exploring ways to improve the quality of life in their communities. Social enterprise strategies are already in use. If these efforts were supported by the other levels of government, Ontario and Canada would be well on their way to becoming a society with less poverty, a better environment, and healthier, happier people.
7.4 Build an enabling and aligned policy framework

Framework for practice and policy supports
TO RURAL AND REMOTE SOCIAL ENTERPRISE ECOSYSTEM VITALITY

Municipalities as Intermediaries
Social enterprise intermediaries are organizations or networks that connect people, ideas, and resources and create the conditions for successful social enterprise development.

Municipalities as Practitioners
Social enterprise practitioners are people who are developing and/or operating social enterprises.

Social Enterprise Concepts

Building a system of support
Creating an enabling environment

Building an enabling and aligned policy framework together

STAKEHOLDERS
School boards
Post-secondary institutions
Provincial and territorial governments
Government and institutional champions supporting and coordinating their efforts
Sector builders who are well-trained social enterprise developers
Rural and remote municipalities
Non-profit organizations

Rural and remote business supports with relevant resources and assistance

Inferior social enterprise intermediary business provides with significant support and investment

Building an enabling and aligned policy framework together
In many of the interviews, the researcher heard that rural and remote municipalities must maintain a voice, but that this is very difficult given their limited staff and the predominant urban perspective of other players.

The unique contexts of rural and northern communities must be taken into account when developing social enterprise policy. With growing interest in social enterprise, higher tier governments must understand more clearly which policy and funding levers will create sustainable opportunities outside the urban core. This understanding will entail more demonstration of the links between social enterprise and community economic and social outcomes. Yet even where rural or remote municipalities are interested in participating in initiatives and conversations to build government sensitivity to rural issues, they have a hard time determining where to connect.

Place-based policy lenses will be a critical need for all levels of government seeking to support rural and remote social enterprises. In a recent paper Lalande and Cave (2017, p. 3) found that “the social enterprise ecosystem is … diverse in geographic context, issue area, funding and corporate form. It is fragmented and siloed due to the lack of common definitions, leaving many to question whether unifying provincial and federal strategies for social enterprises are indeed possible.”

Yet we must remain hopeful that it is possible to align all levels of government, social enterprise intermediaries and practitioners. The first task is to develop a definition of social enterprise that reflects the work of practitioners who are currently working in and developing social enterprises. As we have shown, practitioners are leading the field in social enterprise development in Ontario. It is incumbent on public policy developers to
learn from these innovators and develop policies, tools and programs that will lead to a more vibrant, potent and interconnected rural and remote social enterprise field.

When we view the full ecosystem, based on what was learned through this research, we can see the variety of stakeholders that have a role to play. Yet these stakeholders are not all currently linked, do not all understand the social enterprise context and do not all have policies that support the development of social enterprises. Social enterprise thus operate in a policy context that is fragmented, and not organized to support them.

Rural and remote municipalities are already active in social enterprise development. They are maintaining and enhancing existing services, supporting the development of new concepts and methods, and strengthening local social economies. More than this, many of the social enterprises identified through this research are being developed in response to the downloading of responsibilities from other levels of government, without funding supports. Rural and remote municipalities are taking risks to develop social enterprises so that the quality of life in their communities continues to be high. They may, however, be taking these risks alone. Other stakeholders such as school boards, business development centres, United Ways and post-secondary institutions can, and should, all be working together to address pressing local social, economic and environmental problems through social enterprise development.

Simply put, if the rural and remote case studies sites in this research had coordinated access to expertise, capacity building, funding and investment, rural communities would become more vibrant, stable and resilient. The dual role of municipalities as practitioners and intermediaries is a potentially powerful ingredient of an enabling social enterprise ecosystem. The case studies documented here show how powerful a force these practices can be.
References

Note: Some addresses for websites are no longer valid. In instances where no other source was available, they have been retained.


Canadian CED Network (CCEDNET). (2013). United Nations established an inter-agency task force on social and solidarity economy. Retrieved from http://ccednet-rcdec.ca/en/node/12720?fb_action_ids=10151617325855146&fb_action_types=og.likes&fb_ref=ULJJj1y6F5o.like&fb_source=other_multiline&action_object_map=%7B%2210151617325855146%22%3A306542696152112%7D&action_type_map=%7B%2210151617325855146%22%3A%22og.likes%22%7D&fb_action_ref_map=%7B%2210151617325855146%22%3A%22ULJJj1y6F5o.like%22%7D


Crowe, Sarah, et. al. 2011. The case study approach
https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3141799/


Vodden, K., Gibson, R., and Baldacchino, G. (Eds.). (2017). Place peripheral: Place-based development in rural, island, and remote regions. St. John’s, NL: ISER.


Appendices

Appendix 1: List of Advisory Committee Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Al Lauzon</td>
<td>PhD Coordinator</td>
<td>School of Environmental Design and Rural Development at the University of Guelph</td>
</tr>
<tr>
<td>Dr. Tessa Hebb</td>
<td>Director</td>
<td>Carleton University Centre for Community Innovation</td>
</tr>
<tr>
<td>Jaden Calvert</td>
<td>Councillor</td>
<td>Municipality of Meaford</td>
</tr>
<tr>
<td>Paul Chamberlain</td>
<td>Executive Director</td>
<td>Canadian Community Economic Development Network – Ontario region</td>
</tr>
<tr>
<td>Mark Cassidy</td>
<td>Project Manager</td>
<td>Rural Ontario Institute</td>
</tr>
<tr>
<td>Stephen Cohen</td>
<td>Senior Policy Advisor, Social Enterprise Unit</td>
<td>Social Enterprise Unit, Commercialisation &amp; Scale-Ups Division Ministry of Economic Development and Growth</td>
</tr>
<tr>
<td>Jason Tran</td>
<td>Policy Advisor</td>
<td>Social Enterprise Unit, Commercialisation &amp; Scale-Ups Division Ministry of Economic Development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Department/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abdi Hersi</td>
<td>Policy Advisor</td>
<td>Social Enterprise Unit, Commercialisation &amp; Scale-Ups Division</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ministry of Economic Development and Growth</td>
</tr>
<tr>
<td>Ramona Cameletti</td>
<td>Policy Advisor</td>
<td>Rural Policy Branch, Ontario</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ministry of Agriculture, Food and Rural Affairs</td>
</tr>
<tr>
<td>Carol Kenny</td>
<td>Policy Advisor</td>
<td>Ministry of Agriculture, Food and Rural Affairs</td>
</tr>
<tr>
<td>Vanessa Abban</td>
<td>Policy Advisor</td>
<td>Ontario Ministry of Economic Development &amp; Growth</td>
</tr>
</tbody>
</table>
### Appendix 2: Key Informants for Phase One and Phase Two Research

<table>
<thead>
<tr>
<th>KENORA DISTRICT</th>
<th>HURON</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
<td><strong>Municipality</strong></td>
</tr>
<tr>
<td>Economic</td>
<td>Municipality of Sioux Lookout</td>
</tr>
<tr>
<td>Development</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td></td>
</tr>
<tr>
<td>CAO</td>
<td>Township of Ignace</td>
</tr>
<tr>
<td>Economic</td>
<td>City of Dryden</td>
</tr>
<tr>
<td>Development</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>Township of Pickle Lake</td>
</tr>
<tr>
<td>Mayor</td>
<td>Municipal of Sioux Lookout</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Mayor</td>
<td>Unincorporated Areas (District of Kenora Unincorporated Ratepayers Association)</td>
</tr>
<tr>
<td>President</td>
<td>Municipal of Sioux Lookout</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Mayor</td>
<td>Municipality of Machin</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>CAO</td>
<td>City of Dryden</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manager</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Clerk Treasurer</td>
<td>Municipality of Machin</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>President</td>
<td>Cloverbelt Local Food Co-op</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Mayor</td>
<td>City of Dryden</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SIMCOE</th>
<th></th>
<th>PETERBOROUGH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
<td><strong>Municipality</strong></td>
<td><strong>Title</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Municipality</strong></td>
</tr>
<tr>
<td>CAO</td>
<td>Simcoe County</td>
<td>Nurse Practitioner at Keene Health Centre</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Township of Otonabee-South Monaghan</td>
</tr>
<tr>
<td>CAO</td>
<td>Township of Springwater</td>
<td>Economic and Community Development Coordinator</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Township of Cavan Monaghan</td>
</tr>
<tr>
<td>Manager of Land Use Planning</td>
<td>Town of Innisfil</td>
<td>CAO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Township of North Kawartha</td>
</tr>
<tr>
<td>Economic and Community Development Officer</td>
<td>Town of Innisfil</td>
<td>CAO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>County level</td>
</tr>
<tr>
<td>CAO</td>
<td>Town of Penetanguishene</td>
<td>CAO, Econ. Dev. Officer and Deputy Clerk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Municipality of Trent Lakes</td>
</tr>
<tr>
<td>La Maison Rosewood Shelter</td>
<td>Town of Midland</td>
<td>CAO, Director of Planning and Econ Dev</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Township of Otonabee-South Monaghan</td>
</tr>
<tr>
<td>Role</td>
<td>Location</td>
<td>Title/Position</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------------------------</td>
<td>----------------------------------------------------</td>
</tr>
<tr>
<td>Warden</td>
<td>Simcoe County</td>
<td>Executive Director, Peterborough GreenUp Association</td>
</tr>
<tr>
<td>Mayor</td>
<td>Town of Midland</td>
<td>Clerk/Deputy CAO</td>
</tr>
<tr>
<td>CAO</td>
<td>Town of Innisfil</td>
<td>General Manager</td>
</tr>
<tr>
<td>Director, Marketing and Business Development</td>
<td>Town of Collingwood</td>
<td></td>
</tr>
<tr>
<td>Director of Planning</td>
<td>Twp of Adjala-Tosorontio</td>
<td></td>
</tr>
<tr>
<td>Executive Director, La Maison Rosewood Shelter</td>
<td>Town of Midland</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 3: Research Backgrounder

ONTARIO AGRICULTURAL COLLEGE
School of Environmental Design and Rural Development
Capacity Development and Extension □ Landscape Architecture □ Rural Planning and Development

Project Title: Rural Municipalities as Intermediaries in Social Enterprise Development: The Role of Place-Based Public Policy (REB# 16MR019)

This email is to invite you to be interviewed as part of a research study being conducted by Dr. Lauzon, Principal Investigator, and Mary Ferguson, Student Investigator, from the School of Environmental Design and Rural Development at the University of Guelph. The interview will be conducted by phone at a time and place that is convenient to you, with the time requirements listed below. Any additional researchers participating in this project will be obligated to agree to and sign a confidentiality agreement.

The research will focus on rural municipalities as intermediaries in social enterprise development. Social enterprises are businesses run by nonprofits or municipalities that generate revenue and also produce social, cultural or environmental outcomes.

Time Requirement for Participants in CAO/Mayor Interviews:
Interviews will take = 45 minutes
Verify notes from interview = 20 minutes
Review and approve information ascribed to interviewee = 20 minutes
Total time: 85 minutes

Time Requirement for Participants in Case Study Interviews:

Interviews will take = 60 minutes  
Verify notes from interview = 20 minutes  
Review and approve information ascribed to interviewee = 20 minutes  
Total time: 100 minutes

We will also ask whether you are interested in participating in a webinar to collectively process learning about effective practices of social enterprises within their region.

There is very little Canadian research that supports rural municipalities in making decisions about their critical role as developers and intermediaries in rural social enterprise development. A better understanding of the municipal role in creating the necessary conditions, policies and supports is required, especially in rural Ontario where little research has been done. As such, this research will highlight effective practices and policies based on primary research in four rural Ontario regions in order to support effective decision-making on economic transition throughout the province.

The goal of this research is to determine the potential for rural Ontario municipalities to pursue economic diversification by acting as intermediaries for local, provincial, and federal involvement in rural social enterprise development.

Objectives of this research are to identify and assess:

- Successes and failures within Canadian municipal practices and policies surrounding social enterprise
- Secondary source research for Scottish examples of effective municipal practices supporting social enterprises
• The current level of activity of rural municipalities in social enterprises that are publicly owned or owned by non-profit organizations
• The role of social enterprise in the development of a diverse economic base
• The enablers and barriers to municipalities’ role as social enterprise intermediaries
• Effective practice and collaboration in municipally-led social enterprise development
• Municipal supports required for effective place-based rural social enterprise development
• Key leverage points for municipal and other public policies to facilitate effective and positive impacts on rural Ontario social enterprise development.

Principal Investigator: Dr. Allan Lauzon
Lead Researcher: Mary Ferguson

A research advisory group made up of a representative of the Rural Ontario Institute, Ontario Nonprofit Network, Canadian Community Economic Network, Ontario Ministry of Agriculture, Food and Rural Affairs and the Rural Ontario Municipalities Association will review and provide advice on the research methodology and data collection tools, provide input on literature to be reviewed, review preliminary results, work with the researchers to review the final learning and link to their networks to promote the knowledge translation and transfer in the final few months of the project.

This study has been reviewed by the Research Ethics Board at the University of Guelph for compliance with federal guidelines for research involving human participants (REB# 16MR019)

Mary Ferguson, the researcher on this project will call you in the next few days to provide more background and to discuss your involvement in this research study. Our
research team looks forward to working with you on this important study about rural municipal vitality.

Best regards,

Dr. Allan Lauzon
University of Guelph
519-824-4120 ext. 53379
Appendix 4: Consent to Participate

ONTARIO AGRICULTURAL COLLEGE
School Of Environmental Design and Rural Development
*Capacity Development and Extension* □ *Landscape Architecture* □ *Rural Planning and Development*

CONSENT TO PARTICIPATE IN RESEARCH
Research Project Title: Rural Municipalities as Intermediaries in Social Enterprise Development: The Role of Place-Based Public Policy (REB# 16MR019)

Phase One – CAOs and/or Mayors in Rural Lower Tier Municipalities

You are asked to participate in a research study conducted by Dr. Alan Lauzon, Interim Director of SEDRD and Mary Ferguson, PhD student. The results of the project will contribute to a better understanding of the role of rural municipalities in rural social enterprise development.

If you have any questions or concerns about the research, please feel free to contact:
PURPOSE OF THE STUDY

We are conducting research into rural municipalities as intermediaries in social enterprise development. Social enterprises are businesses run by non-profits or municipalities that generate revenue and also produce social, cultural or environmental outcomes. This research is funded by a University of Guelph Research Program grant provided by the Ontario Ministry of Agriculture, Food, and Rural Affairs.

There is very little Canadian research that supports rural municipalities in making decisions about their critical role as developers and intermediaries in rural social enterprise development. A better understanding of the municipal role in creating the necessary conditions, policies and supports is required, especially in rural Ontario where little research has been done. As such, this research will highlight effective practices and policies based on primary research in four rural Ontario regions in order to support effective decision-making on economic transition throughout the province.

The goal of this research is to determine the potential for rural Ontario municipalities to pursue economic diversification by acting as intermediaries for local, provincial, and federal involvement in rural social enterprise development. Objectives of this research are to identify and assess:
• Successes and failures within Canadian municipal practices and policies surrounding social enterprise
• Secondary source research for Scottish examples of effective municipal practices supporting social enterprises
• The current level of activity of rural municipalities in social enterprises that are publicly owned or owned by non-profit organizations
• The role of social enterprise in the development of a diverse economic base
• The enablers and barriers to municipalities’ role as social enterprise intermediaries
• Effective practice and collaboration in municipally-led social enterprise development
• Municipal supports required for effective place-based rural social enterprise development
• Key leverage points for municipal and other public policies to facilitate effective and positive impacts on rural Ontario social enterprise development

PROCEDURES

If you volunteer to participate in this study, we would ask you to do the following things:

• Participate in one interview either by telephone or Skype at your office – 45 minutes
• Confirm the information in the transcript of the interview sent after the interview has been conducted – 20 minutes
• Review and approve information ascribed to you – 20 minutes
• Total time: 85 minutes
• Send me, if possible, any internal documents that show support for social enterprises such as new by-laws, monetary support for social enterprises, etc. or
external documents you are aware of that have a bearing on municipal practices and social enterprises. Review, modify, and approve the resulting description of social enterprise activity that your municipality is involved in the final document resulting from this research, including verbatim or abbreviated quotes for us to use upon your approval

- Based on your recommendations, we will identify two social enterprises that have had municipal involvement. During interviews with CAOs the researchers will ask them to identify successful and unsuccessful enterprises in the region
- We will contact key informants in each of those social enterprises to identify what municipal practices supported their development or made it difficult. These case studies will help us learn about effective and ineffective practices of municipalities in their involvement in social enterprises.
- We will also ask whether you are interested in participating in a webinar to collectively process learning about effective practices of social enterprises within your region

POTENTIAL BENEFITS TO PARTICIPANTS AND/OR TO SOCIETY

This study will showcase municipal effective practices as intermediaries in social enterprise development. From participating in this study, you will receive a summary of learning about rural municipalities’ role as intermediaries in social enterprise development, along with our Best Practices Manual. The benefits to you is that the resulting information will offer a clearer understanding of what your municipality can do to support the development of social enterprises. Successful social enterprises have significant benefits in rural communities through poverty reduction, job creation, environmental outcomes, and community cohesion. Participants will be sent a copy via email of the final dissertation and the Best Practices Manual.

The researchers do not anticipate any risks associated with your participation.
PAYMENT FOR PARTICIPATION

You will not receive payment or other remuneration for your involvement in this study. The aggregated results of this study will be made available to you.

CONFIDENTIALITY

Interviews will be audio recorded using a digital recording device. Data will be recorded and downloaded into files on a password protected laptop in a locked office belonging to the researchers and then removed from the recording device within 24 hours of the interview. Any electronic data will be stored in password protected files on the researchers’ personal computers. Data collected during this study will be retained until March 31, 2018. After that date data will be destroyed.

- Findings will be disseminated via the Best Practices Manual and thesis dissertation
- Data will be aggregated
- Verbatim and abbreviated quotes will be used only once we have received your permission
- You will be acknowledged in both reports
- Due to the nature of the study that focuses on municipal practices, identifying the location of the municipality can potentially add learning that will be useful to add in the final report. If the name of the municipality is not to be used, the researchers will make the information anonymous to the best of their abilities
- If you are concerned about being identified it will be difficult to draw out any positive learning, so you will be eliminated from the research as a means of maintaining transparency. Confidentiality of the collected data is not guaranteed while the data is in transit over the internet
- Any additional researchers participating in this project will be obligated to agree to and sign a confidentiality agreement
PARTICIPATION AND WITHDRAWAL

You can choose whether to be in this study or not. If you volunteer to be in this study, you may withdraw at any time without consequences of any kind. You may exercise the option of removing your data from the study. Any data not withdrawn from the research by February 28th, 2017 will be included in the study. You may also refuse to answer any questions you don’t want to answer and still remain in the study. The investigator may withdraw you from this research if circumstances arise that warrant doing so.

RIGHTS OF RESEARCH PARTICIPANTS

You may withdraw your consent at any time and discontinue participation without penalty. You do not waive any legal rights by agreeing to take part in this study. This project has been reviewed by the Research Ethics Board for compliance with federal guidelines for research involving human participants. If you have questions regarding your rights as a research participant in this study (REB# 16MR019), please contact: Director, Research Ethics; University of Guelph; reb@uoguelph.ca; 519-824-4120 ext. 56606.

NAME RESEARCH PARTICIPANT

I have read the information provided for the study “Rural Municipalities as Intermediaries in Social Enterprise Development: the Role of Place-Based Public Policy” as described herein. I have been given a copy of this form. My questions have been answered to my satisfaction, and I will give verbal agreement to participate in this study at the beginning of the interview.
Appendix 5: Interview Guide for CAOs and Mayors Form

ONTARIO AGRICULTURAL COLLEGE
School of Environmental Design and Rural Development

Guide One: Interview Guide for CAOs and/or Mayors in Rural Lower Tier Municipalities

1. This interview will be tape recorded for me to review when I do the analysis.
2. Review verbal consent and confidentiality agreement. Does interviewee verbally agree?
3. Introduction to the Research:
   • Social enterprises enable municipalities and rural non-profits to earn unrestricted revenue to keep and grow employment and to maintain and grow significant economic, cultural, environmental, and social assets.
   • Local governments are uniquely positioned to aid in developing and maintaining social enterprise activity that leads to economic resilience.
• There is very little Canadian research that supports rural municipalities in making decisions about their critical role as developers and intermediaries in rural social enterprise development.
• A better understanding of the rural municipal role in creating the necessary conditions, policies and supports is required.
• This research will highlight effective practices and policies based on primary research in four rural Ontario regions.
• The goal of this research is to determine the potential for rural Ontario municipalities to pursue economic diversification by acting as intermediaries for local, provincial, and federal involvement in rural social enterprise development.
• The knowledge and perspectives gathered through these interviews and follow-up case studies will provide an understanding of what rural municipalities in a variety of regions are doing to develop and support rural social enterprises as a strategy for economic diversity.
• This process will further identify policy opportunities for multiple levels of government to collaborate on, and enable localized support for more resilient communities.

4. Name, Location, Role in the Municipality, length of time in that role
5. Interview Questions

<table>
<thead>
<tr>
<th>Area of Questioning</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Knowledge of social</td>
<td>1.1 Can you please tell me what you think a social enterprise is?</td>
</tr>
<tr>
<td>Section</td>
<td>Questions</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
</tr>
<tr>
<td>1.2</td>
<td>When did you first hear the term social enterprise?</td>
</tr>
</tbody>
</table>
| 2. Municipal activity and involvement in social enterprise development | 2.1 What are some of the social enterprises that are operated by non-profit organizations in your municipality?  
2.2 What social enterprises does your municipality operate?  
2.3 What has been the municipality’s role in the development of these enterprises?  
2.4 Is your municipality part of any collaborative efforts in any social enterprises? |
| 3. Enablers to municipality’s role as social enterprise intermediary | 3.1 What is the municipality doing to enable the development of social enterprises operated by non-profit organizations?  
3.2 What is the municipality doing to enable the development of its own social enterprises? |
| 4. Barriers to municipality’s role as social enterprise intermediary | 4.1 What makes it difficult for your municipality to support social enterprises?  
4.2 What has the municipality done that has been ineffective in supporting social enterprise development? |
| 5. Municipal Practices: Successes and | 5.1 What are some key practices that your municipality has used to support social enterprises? |
| Failures | 5.2 Are there any practices that were used that did not work?  
|          | 5.3 How do you think that social enterprises contribute to the development of a diverse economic base in your municipality? |
| 6. Municipal Supports Required | 6.1 What are some things that make it difficult for your municipality to support social enterprise development?  
|          | 6.2 What supports would be useful for your municipality in its role as an intermediary in social enterprise development?  
|          | 6.3 Are there any other levels of government that are or could be involved in social enterprises development in your municipality? |
| 7. Case study identification | 7.1 Of the social enterprises that we discussed today is there one that you think has been successful and would provide a good example for a more in-depth case study?  
<p>|          | 7.2 Is there one that hasn’t been successful that could be used to learn lessons for other municipalities? |
| 8. What do you think would be good policy that would support | 8.1 What particular policies at the municipal, county, provincial or federal levels have had an impact on the enterprise development? How did they impact? |</p>
<table>
<thead>
<tr>
<th>8.2 What policies would ensure greater support for social enterprise in this region?</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.3 What do you think it takes to impact these policies to have a more positive ecosystem for social enterprise development in the future?</td>
</tr>
<tr>
<td>9. Involvement in the next stage of the research</td>
</tr>
<tr>
<td>9.1 I will be doing a site visit to the region in the next few months. Would you be interested in working with me on the next phase of this research where we look at 2 case studies in your region more closely? It would involve your participation in at least one half day meeting.</td>
</tr>
</tbody>
</table>
# Appendix 6: Matrix of Possible Case Study Sites

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Concept</th>
<th>Sector</th>
<th>Ownership</th>
<th>Municipal Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ignace</td>
<td>Publicly-run golf course</td>
<td>Recreation</td>
<td>Mun</td>
<td>Building, land and maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Dryden</td>
<td>Cloverbelt Community Food Coop</td>
<td>Food Dist</td>
<td>NFP</td>
<td>Providing land for greenhouse</td>
</tr>
<tr>
<td>Dryden</td>
<td>Telephone</td>
<td>Telecom</td>
<td>Mun</td>
<td>Incompetent council, admin, HR &amp; financial levels</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machin</td>
<td>Pinetrees Pathways (trail system along waterfront)</td>
<td>Recreation</td>
<td>Mun</td>
<td>Insurance, grants, staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sioux</td>
<td>Regional Food</td>
<td>Food Dist</td>
<td>TBD</td>
<td>Econ Dev Manager, meeting space,</td>
</tr>
<tr>
<td>Lookout Distribution Centre</td>
<td>although Federal, Mun, Fruit &amp; Veg Growers of ON</td>
<td>grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------</td>
<td>-----------------------------------------------</td>
<td>--------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friends of Cedar Bay Stables</td>
<td>Recreation Collab</td>
<td>Leasing land and stables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innisfil InnPower (formerly Innisfil Hydro)</td>
<td>Telecom Mun</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innisfil Heights Corp and InnServices Utilities Inc.</td>
<td>Utilities Mun</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combined Rec Building with YMCA</td>
<td>Recreation Collab</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>Organization</td>
<td>Sector</td>
<td>Type</td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td>----------------------------------------</td>
<td>-----------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Town of Midland</td>
<td>La Maison Rosewood Women’s Shelter</td>
<td>Social Service</td>
<td>Mun</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– vegetable garden – sell through municipality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Midland Cultural Centre’s Quest Art Gallery</td>
<td>Social Service</td>
<td>NFP</td>
<td></td>
</tr>
<tr>
<td>Springwater</td>
<td>Community kitchen start up in expanding high school</td>
<td>Collab between school board and mun</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penetang</td>
<td>Karma Market</td>
<td>Food</td>
<td>Coop</td>
<td></td>
</tr>
<tr>
<td>Place</td>
<td>Organization</td>
<td>Sector</td>
<td>Type</td>
<td></td>
</tr>
<tr>
<td>----------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Goderich</td>
<td>Goderich Port Management Corporation</td>
<td>Tourism/R</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liberty Theatre</td>
<td>Recreation/Cultural</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td>Bluewater</td>
<td>Bluewater Trail Association</td>
<td>Tourism/R</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hensall District Co-op Inc.</td>
<td>Food</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td>Howick</td>
<td>Community Hall</td>
<td>Recreation/Cultural</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Arena in Belmore</td>
<td>Recreation</td>
<td>NFP</td>
<td></td>
</tr>
<tr>
<td>North Huron</td>
<td>Canadian Centre for Rural Creativity in Blyth</td>
<td>Social Services</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td>Huron East</td>
<td>Brussels School</td>
<td>Education</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Huron East</td>
<td>Health</td>
<td>Mun</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health Centre</td>
<td>Utilities</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>---------------</td>
<td>-----------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Trent Lakes</td>
<td>Peterborough</td>
<td>Utilities</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Utilities Inc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cavan Monaghan</td>
<td>Mill Brooks</td>
<td>Social</td>
<td>Mun</td>
<td></td>
</tr>
<tr>
<td></td>
<td>School</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Kawartha</td>
<td>North Kawartha</td>
<td>Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medical Centre</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Peterborough</td>
<td>Peterborough</td>
<td>Education</td>
<td>Collab</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GreenUp Inc.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 7: Social Enterprise Study Interview Guide

1. This interview will be tape recorded for me to review when I do the analysis.
2. Review verbal consent and confidentiality agreement. Does interviewee verbally agree?
3. Introduction to the Research:
   - Social enterprises enable municipalities and rural non-profits to earn unrestricted revenue to keep and grow employment and to maintain and grow significant economic, cultural, environmental, and social assets.
   - Local governments are uniquely positioned to aid in developing and maintaining social enterprise activity that leads to economic resilience.
• There is very little Canadian research that supports rural municipalities in making decisions about their critical role as developers and intermediaries in rural social enterprise development.
• A better understanding of the rural municipal role in creating the necessary conditions, policies and supports is required.
• This research will highlight effective practices and policies based on primary research in four rural Ontario regions.
• The goal of this research is to determine the potential for rural Ontario municipalities to pursue economic diversification by acting as intermediaries for local, provincial, and federal involvement in rural social enterprise development.
• The knowledge and perspectives gathered through these interviews and follow-up case studies will provide an understanding of what rural municipalities in a variety of regions are doing to develop and support rural social enterprises as a strategy for economic diversity.
• This process will further identify policy opportunities for multiple levels of government to collaborate on, and enable localized support for more resilient communities.

4. Name, Location, Role in the social enterprise, length of time in that role
5. Interview Questions

<table>
<thead>
<tr>
<th>Area of Questioning</th>
<th>General Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Social Enterprise Description</td>
<td>1.1 What is the name of the business?</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td></td>
<td>1.2 Please describe the social enterprise service and/or products?</td>
</tr>
<tr>
<td></td>
<td>1.3 How many employees and volunteers do you have?</td>
</tr>
<tr>
<td></td>
<td>1.4 What is the ownership structure of the SE?</td>
</tr>
<tr>
<td>2. Community Background</td>
<td>2.1 Can you please describe the community in which the SE operates?</td>
</tr>
<tr>
<td></td>
<td>2.2 What are the main characteristics of the community (ie geographic scope, population, role of agriculture, tourism, youth etc.)?</td>
</tr>
<tr>
<td>3. History</td>
<td>3.1 How long have you been in operation?</td>
</tr>
<tr>
<td></td>
<td>3.2 What was the main reason for starting the SE?</td>
</tr>
<tr>
<td></td>
<td>3.3 Who was involved in the start-up?</td>
</tr>
<tr>
<td></td>
<td>3.4 What were you trying to achieve?</td>
</tr>
<tr>
<td>4. Development of the Social Enterprise</td>
<td>4.1 What are some unique attributes of your SE?</td>
</tr>
<tr>
<td></td>
<td>4.2 What has been the municipality’s role in the development of the enterprises?</td>
</tr>
<tr>
<td></td>
<td>4.3 Is your municipality part of any collaborative efforts in any social enterprises?</td>
</tr>
<tr>
<td></td>
<td>4.4 What is the municipality doing to enable the development of your social enterprises?</td>
</tr>
</tbody>
</table>
| 5. Resourcing     | 5.1 How was your social enterprise funded?  
|                  | 5.2 Do you think it is difficult for your municipality to support social enterprises?  
|                  | 5.3 What has the municipality done that has been ineffective in supporting the SE?  
|                  | 5.4 What resourcing has been in place to help with partnership development, technical assistance, capacity/leadership, staffing, staff training, marketing? |

| 6. Challenges & Successes | 6.1 Are there any policies in particular holding your SE back?  
|                          | 6.2 What is your community lacking that a social enterprise could provide?  
|                          | 6.3 What are some key practices that your municipality has used to support social enterprises?  
|                          | 6.4 Are there any practices that were used that did not work? |

| 7. Outcomes | 7.1 How do you think that social enterprises contribute to the development of a diverse economic base in your municipality?  
|            | 7.2 Are there any social or environmental outcomes that your social enterprise generates? |

| 8. Enabling Policy | 8.1 What particular policies at the municipal, county, provincial or federal levels have had an impact on the enterprise development?  
|                  | 8.2 How did they impact?  
<p>|                  | 8.3 What policies would ensure a more enabling environment for social enterprise |</p>
<table>
<thead>
<tr>
<th>8.4 What do you think it takes to impact these policies to have a more positive ecosystem for social enterprise development in the future?</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Lessons learned about effective practices for municipalities</td>
</tr>
<tr>
<td>9.1 What are some things that make it difficult for your municipality to support social enterprise development? 9.2 What supports would be useful for your municipality in its role as an intermediary in social enterprise development? 9.3 Are there any other levels of government that are or could be involved in social enterprises development in your municipality?</td>
</tr>
</tbody>
</table>
## Appendix 8: Cross Case Analysis Matrix

<table>
<thead>
<tr>
<th>Cloverbelt Local Food Co-op</th>
<th>Sioux Lookout Distribution Centre</th>
<th>Wroxeter Community Hall</th>
<th>Goderich Port Authority</th>
<th>InnService</th>
<th>Operation Grow</th>
<th>Keene Health Centre</th>
<th>Peterborough Green-Up Store and Garden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local multi-stakeholder co-operative linking local producers and consumers</td>
<td>Infrastructure and logistics to support</td>
<td>Local volunteer board operates</td>
<td>port services for salt mine and other Great Lake shipping and tourism</td>
<td>Water Servicing Company</td>
<td>Vertical garden in downtown core to provide accommodating jobs for abused and destabilized women</td>
<td>Nurse practitioner run clinic for citizen access to local health care</td>
<td>Environmental goods store and community garden</td>
</tr>
<tr>
<td></td>
<td>more cost effective access to good and services in remote FN communities</td>
<td>licensed bar to generate revenue for community hall improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>I</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>Food</td>
<td>Logistics</td>
<td>Cultural</td>
<td>Transportation</td>
<td>Energy and Municipal services</td>
<td>Employment</td>
<td>Health</td>
<td>Agriculture and Retail</td>
</tr>
<tr>
<td>Co-operative</td>
<td>NFP</td>
<td>Municipal</td>
<td>Tightly held non-profit company</td>
<td>Tightly held private company</td>
<td>NFP</td>
<td>Municipal</td>
<td>NFP</td>
</tr>
<tr>
<td>Collaborative Group</td>
<td>Municipality</td>
<td>Volunteer group</td>
<td>Municipal staff</td>
<td>Municipality</td>
<td>Board and Staff</td>
<td>Municipal staff</td>
<td>Board and staff</td>
</tr>
<tr>
<td>Revenue generated research and community development grants</td>
<td>Municipal and First Nations chiefs</td>
<td>Earned revenue</td>
<td>Earned revenue grants</td>
<td>Municipal financing and Earned revenue</td>
<td>Grants and donation</td>
<td>Municipal</td>
<td>Grants, donations and earned revenue</td>
</tr>
<tr>
<td>Local market for farmers and local food for consumers</td>
<td>Decreased costs for Northern goods, emergency supplies stored and available</td>
<td>Preserved and renewed community hall</td>
<td>Significant asset enhanced waterfront</td>
<td>Local control of power and development</td>
<td>Social inclusion Income for marginalized women</td>
<td>Access to local health care</td>
<td>Environmental education and action</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credibility</td>
<td>Networking</td>
<td>Access to</td>
<td>Infrastructure</td>
<td>Funding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>------------</td>
<td>-----------</td>
<td>----------------</td>
<td>---------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extensive staff investment</td>
<td>Insurance</td>
<td>Extensive staff investment</td>
<td>Funding</td>
<td>Credibility through endorsement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friendship accords with FN to support each other’s work</td>
<td>Flexibility for local community members to act</td>
<td>Corporate structures for local asset control enhancement and revenue generation</td>
<td>Municipalities as no cost landlord – real costs to municipality – provided in kind to provide local access to healthcare</td>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>