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## **B.C. ADVISORY COUNCIL DRAFT REPORT ON SOCIAL ENTERPRISE**

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*By Terrance S. Carter\**

### **A. INTRODUCTION**

In November 2011, the British Columbia Advisory Council on Social Entrepreneurship (the "Council") published its draft report, *Together: Respecting our Future*,<sup>1</sup> ("Draft Report") for public comment. The purpose of the Council is to direct consultation, advice and feedback on proposals to support "social innovation", "social enterprise" and "social entrepreneurship" in B.C. Those terms, which are defined below, generally refer to analyzing social issues from a new perspective to develop creative solutions. For example, new relationships can be forged between all sectors and stakeholders (e.g. non-profits, charities, governments, etc.) to collaborate and address complex social problems. By supporting those activities, the shortage in public service funding will be alleviated.

This *Charity Law Bulletin* provides a brief overview of the Draft Report and recommendations. Interested individuals may view the Draft Report and submit comments online at <http://socialinnovationbc.ca>. There is no deadline for submissions. However, as the Council's deadline for submitting the final report and recommendations is March 31, 2012, those interested in submitting comments are advised to submit them well in advance of that date.

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<sup>1</sup> B.C. Advisory Council on Social Entrepreneurship, *Together: Respecting our Future* online: B.C. Advisory Council on Social Entrepreneurship, online: <<http://socialinnovationbc.ca/wp-content/uploads/2011/11/Discussion-Documents-BCAC-Together.pdf>>.

## B. BACKGROUND

In order to appreciate the Council's draft recommendations, it is necessary to provide context concerning the challenges that it is attempting to address. In general, the overarching problem is a shortage of resources to address a variety of social issues, such as elderly care and poverty. Specific challenges include: overburdened caregivers of the elderly; the reduction of government resources that may result of the renegotiation of federal-provincial cost sharing agreements in 2014; unexpected social, financial, and environmental emergencies and disasters (e.g. SARS); and ineffective solutions that have failed to address certain social issues like homelessness. These challenges inform the draft recommendations made by the Council.

## C. RELEVANT CONCEPTS

In advocating for a different approach to addressing social issues, the Council uses certain concepts to support its draft recommendations. These concepts form the basis of the approach that the Council recommends for adoption in B.C. Accordingly, it is worthwhile to review these important concepts.

The draft report defines social innovation as:

ideas, products, services, processes, statutes, resources, protocols, and technologies that solve a social problem while generating new social relationships, partnerships, collaborations, connections and financing. In other words, social innovation profoundly impacts an existing challenge while increasing our resources to tackle the inevitable next set of challenges.<sup>2</sup>

In the companion paper, *Social Innovation Primer*, social innovation is also defined as “the need for new approaches to old problems.”<sup>3</sup>

Social enterprise refers to non-profit organizations operating a business or operating like a business.<sup>4</sup> Although neither the draft report nor the companion paper define social entrepreneurship, the term can be

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<sup>2</sup> *Ibid.*, at 10.

<sup>3</sup> James Tansey, *A Social Innovation Primer* online:

[https://docs.google.com/viewer?a=v&pid=explorer&chrome=true&srcid=0B40U5sxILvRANTA2MmYxNWQtMWY3Zi00MzIOLWFjYmItZjUzYmQ2NTQwNzA1&hl=en\\_US](https://docs.google.com/viewer?a=v&pid=explorer&chrome=true&srcid=0B40U5sxILvRANTA2MmYxNWQtMWY3Zi00MzIOLWFjYmItZjUzYmQ2NTQwNzA1&hl=en_US) at 3.

<sup>4</sup> *Ibid.*

defined as recognizing social problems and using creative approaches to design, establish and manage ventures to create social change and achieve a positive economic return.<sup>5</sup>

## D. RECOMMENDATIONS

One of the Council's recommendations is that the "change lab" methodology for problem-solving be adopted in B.C.<sup>6</sup> A change lab refers to processes and facilities established globally which provide a forum for creative, all-sector, multi disciplinary, problem solving, social innovation and decision-making.<sup>7</sup> This methodology for problem solving is focused on whole system transformation by bringing together stakeholders from government, business and civil society to find solutions to social issues.<sup>8</sup>

Another recommendation is the use of multiple infrastructure investments. In the short term, financial incentives, such as a Social Innovation Investment Tax Credit and B.C. Social Innovation Bond, should be created. The Social Innovation Investment Tax Credit would bring in new investors and capital as well as help build new social enterprises. According to the Council, as there is already an existing tax credit regime in place, social enterprises could be included as a new eligible category. Without any accompanying explanation, the Council states that the B.C. Social Innovation Bond would be a risk-free way for governments to finance innovations that seek to address the root causes of problems. This type of financial instrument is used in other jurisdictions, such as the United Kingdom.<sup>9</sup>

A notable medium term multiple infrastructure investment recommended by the Council is the establishment of "Community Contribution Companies" ("CCCs"). Without going into detail, the Council explains that CCCs would be a new vehicle for raising capital. They would be "hybrid structures" based on their combined social and financial objectives.<sup>10</sup> This recommendation seems have picked up where the B.C. Ministry of Finance consultations left off last year regarding the amendment of the *Business Corporations*

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<sup>5</sup> William Chung et al., *Social Entrepreneurship Series: Legislative Innovations*, online: Mars [http://www.marsdd.com/dmsassets/reports/MaRS\\_Legislative\\_Innovations\\_2010.pdf](http://www.marsdd.com/dmsassets/reports/MaRS_Legislative_Innovations_2010.pdf).

<sup>6</sup> *Supra* note 1 at 15.

<sup>7</sup> *Ibid.* at para. 13.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*, at 19.

<sup>10</sup> *Ibid.*, at 20.

*Act* to allow for the incorporation of Community Interest Companies (“CICs”), which appear to be similar to CCCs.<sup>11</sup>

## E. CONCLUSION

The Draft Report presents some innovative ideas for addressing complex social problems. However, while the Council acknowledged that it purposely omitted the details concerning its recommendations, it would nonetheless be beneficial to have those details included in the final report in order to have a better idea of how the recommendations would work in practice. Individuals and organizations interested in the Draft Report are advised to review and submit comments on it to the Council online at <http://socialinnovationbc.ca>.

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<sup>11</sup> British Columbia, “Community Interest Company Consultation” available online at <http://www.fin.gov.bc.ca/prs/cicc>.