

# Tax credits needed for social projects

**B**RENDA NORTHEY is a social entrepreneur. Social entrepreneurs are people who think and behave like business entrepreneurs but who want to achieve social, rather than financial, goals.

And like their business counterparts, social entrepreneurs are extremely important to the success of our communities.

Northey is executive director of Beatrice House, a project in which she is trying to establish a Toronto centre for single-parent families. It's a place where they can live for two years while mothers acquire the education, self-esteem and necessary skills to become active members of the community and the world of work. Their children would be raised in a supportive and nurturing environment.

Mothers would get counselling, a fast-track high-school diploma, parenting skills, job training and placement, and assistance in moving back into the community.

Children would get good nutrition and health care, a stable lifestyle, structured activities and Montessori schooling from birth to age 6.

## DAVID CRANE



Much of this would be done in Beatrice House's own building (getting a building is the big challenge Northey faces), which would be managed by Journey's End Corp. The company would also help provide training in basic job skills while other partners would offer computing and other training and internship opportunities.

People like Northey will become increasingly important, if we are to maintain a civil society at a time when governments are cutting back their support for the needy, and pulling back from their traditional responsibility for social progress.

British Prime Minister Tony Blair is turning to social entrepreneurship to

deal with needs in the community.

In a speech earlier this year, he praised social entrepreneurs as "people who bring to social problems the same enterprise and imagination that entrepreneurs bring to wealth creation."

And, indeed, they do. They are people who won't accept No for an answer, who put in enormous hours to succeed, who have a clear vision or idea of what they want to accomplish, and who keep trying.

In Britain, according to the Financial Times, a School for Social Entrepreneurs is being established. Prince Charles has been described as a social entrepreneur because of his support for Business in the Community, a project that helps young people enter the world of work. The project was the inspiration for another example of Canadian social entrepreneurship, the Canadian Youth Foundation.

Fraser Mustard, the founding president of the Canadian Institute for Advanced Research who now heads the Founders Network, argues that while business entrepreneurs have access to venture capital, there is no ready supply of capital for social entrepreneurs.

What we need, Mustard says, is a tax incentive to encourage corporations and others to finance social entrepreneurship. For example, he says, why not introduce something similar to the research-and-development tax credit, except a little richer, since social entrepreneurship is also an investment in the future.

This kind of expenditure should not really be seen as a charitable donation: It would be an investment in the community, a way of getting the private sector to invest in the future that is sensitive to people's needs.

Mustard sees this as a new kind of partnership through the business sector and social enterprises at the community level. "Community-based initiatives for children and families are the most important area because of the long-term effect of an adverse early childhood on competence and coping skills throughout life," he says.

Designing such a tax incentive could be a great challenge for Canada's big accounting and law firms, which have armies of people who spend much of their time advising corporations and wealthy individuals on how to reduce the taxes they pay.

They could take on the design of a tax incentive as a volunteer.

There are other dimensions to this.

One is that social entrepreneurs take social action out of the bureaucracies and puts the momentum and direction into the entrepreneurial people at the community level. Bureaucracies are at dealing with change at the community level, Mustard argues.

This has the potential to introduce enormous innovation in the way we address social challenges, and on the energies that exist at the community level.

None of this means governments are justified in abandoning their responsibility for income redistribution and the basic social net.

But incentives to encourage social entrepreneurs in our midst generate enormous innovative potential and time of profound economic change.

*David Crane is The Star's economic editor. His column appears in the Business section Tuesday, Thursday and Saturday and Sunday.*