

The government's response to the Senate Report: What this means for our sector
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The Canadian charitable and nonprofit sector is having a moment.

Notwithstanding the WE Charity scandal last summer, the government and the Canadian public appear to have a greater awareness of the importance of the sector—as well as of the challenges it's facing—than any other time in recent memory.

It could be argued that the catalyst for this renewed interest in the sector was "[Catalyst for Change: A Roadmap to a Stronger Charitable Sector](#)," a report from the Senate Special Committee on the Charitable Sector. The committee was co-chaired by Senator Terry Mercer of Nova Scotia, a professional fundraiser and founding member of the AFP Greater Toronto Chapter, and Senator Ratna Omidvar of Ontario, an internationally recognized voice on migration, diversity and inclusion and a distinguished nonprofit leader.

The report itself was the culmination of 18 months of public hearings from 150 witnesses spanning the breadth of the charitable and nonprofit sector in Canada. It outlines 42 recommendations for the federal government to implement to strengthen the nonprofit sector. You can read AFP Canada's take on the recommendations [here](#).

You may be asking, "What's relevant to me here, and how will any proposed changes impact my work as a professional fundraiser?"

After the report was released in June 2019, the ball was in the government's court: their 21-page [response](#) was issued in March 2021.

Below are the recommendations identified as key takeaways for the fundraising community, along with the government's response to the recommendation and our commentary of the potential implications for our profession and for the sector.

Recommendation	Description	Government Response	What this means for our sector
5	The report identified the need for the development of pensions for the charitable and nonprofit sectors that are portable across provincial and territorial jurisdictions.	The government's response was that Canadians benefit from a comprehensive retirement income system that is supported by three pillars, including Old Age Security, Canada Pension Plan and voluntary tax-assisted private savings opportunities. It does not support this recommendation.	This would have been an attractive benefit for many in our sector, particularly those working for small charities that are unable to offer pension plans.
9, 34, 35, 36	The report asks the CRA to direct the Advisory Committee on the Charitable Sector (ACCS) to review existing tax measures available to individual donors in order to strengthen the culture of	The Government supports these recommendations and the ACCS has undertaken this review.	All four recommendations could result in changes that make giving more attractive from a tax perspective. There's also some risk that the government could choose to roll back current tax incentives,

	giving among new and current charitable donors.		which are among the most generous in the world.
10	The report recommends that the Government of Canada develop policies that require departments and agencies to compensate full administrative costs associated with delivering the services that are being funded in transfers to charitable and nonprofit organizations	The Government supports this direction.	If the government covers full administrative costs, charities will not have to seek funding elsewhere, including from donors, to offset these costs. It also supports the narrative that administrative overhead is core to charity operations.
11	The report recommends that Government of Canada initiatives that support the sustainability of for-profit sectors, particularly with respect to overhead and infrastructure costs, be extended to the charitable and nonprofit sector.	The Government does not support this recommendation because nonprofits are already eligible to receive support under most of Innovation Canada's programs and services.	This is disappointing for fundraisers and charities and indicates that the government does not fully understand the constraints faced by our sector.
12	The report recommends that Government of Canada, through Treasury Board of Canada, ensure that grants and	The Government supports this recommendation.	This will be favourable for fundraisers and charities as it will support longer granting periods and reduced reporting

	<p>contribution agreements cover a minimum of two years, renewable as appropriate; and that the level of information required for both application and reporting on these agreements be commensurate with the level of funding, minimizing complexity for smaller amounts.</p>		<p>requirements.</p>
16	<p>The report recommends that the Government of Canada prioritize data about the charitable and nonprofit sector in all Statistics Canada economic surveys.</p>	<p>The government responded with information about the recent amendments to the General Social Survey on Giving, Volunteering, and Participating (GSS-GVP).</p> <p>In addition, Budget 2021 included a commitment of \$172 million for Statistics Canada to implement a Disaggregated Data Action Plan that will fill data and knowledge gaps.</p>	<p>In our recent pre-budget submission, AFP Canada urged the federal government to make a specific \$1 million annual commitment to fund Statistics Canada’s critical work to gather data about the nonprofit sector.</p> <p>The charitable sector’s lack of economic, organizational and employment data means that public policy, funding and organizational decisions are made without access to basic information. Ultimately, Canadians are negatively impacted by the lack of sector</p>

			<p>data because charitable organizations are unable to fully comprehend, assess and strive to respond to the full scope of community needs.</p>
22	<p>The report recommends that the Government of Canada, through the Minister of Innovation, Science and Economic Development, create a secretariat on the charitable and nonprofit sector.</p>	<p>The Government supports the creation of a single-window into government for the charitable sector and suggests that Employment and Social Development Canada may be the appropriate home in government.</p>	<p>As outlined in our recent pre-budget submission, AFP believes the most significant thing that the government could do to ensure charities' ability to meet the wide-ranging needs of Canadians today and in the future would be to designate a home in government.</p> <p>A home would provide a stronger framework to develop data-driven, charity-informed policies that would foster a stronger sector and result in increased programs and services for Canadians.</p> <p>Numerous benefits would flow from being housed in one</p>

			<p>agency that has the mandate to promote the sector. Issues such as modernization and data collection, which have hampered the sector's progress in the past, would occur in a collaborative environment with consistency in actors and process.</p>
34	<p>The report recommends that the Government of Canada, through the Canada Revenue Agency, develop, implement and evaluate a pilot project on the impact on the charitable sector of exempting donations of private shares from capital gains tax.</p>	<p>The Government supports the recommendation.</p>	<p>The federal government removed the capital gains tax on donations of securities to most charities in 2006. Eliminating the capital gains tax would further incentivize Canadians to donate private company shares, land and real estate to charities. It has been estimated that this would enable the charitable sector to access \$170 to \$225 million of incremental funding with a tax revenue cost of only \$50 to \$65 million.</p> <p>In our recent pre-budget</p>

			<p>submission, we argued that with the percentage of Canadians making tax-deductible donations to charity continuing to fall, this measure would unlock additional funds from those with greater capacity to give more generously to meet the needs of Canadians in communities across the country</p>
36	<p>The report recommends that the Government of Canada direct the Advisory Committee on the Charitable Sector to examine the advantages and disadvantages of amending the disbursement quota for registered charities; and the advantages and disadvantages of setting the disbursement quota in regulation, rather than statute.</p>	<p>The CRA will ask the ACCS to consider undertaking a review of these issues. A public consultation is currently underway.</p>	<p>An amendment to the disbursement quota could mean that more funds will flow from foundations.</p> <p>Learn more here: https://www.increasethegrants.ca/</p>
37	<p>The report recommends that the Government of Canada instruct the Advisory Committee on the Charitable Sector to consider</p>	<p>The Government will ask the ACCS to consider examining this issue.</p>	<p>A mechanism to ensure that donations do not languish in donor-advised funds could mean that more funds will flow</p>

	<p>means of ensuring that donations do not languish in donor-advised funds but are instead used to fund charitable activities in a timely fashion.</p>		<p>to charitable organizations.</p> <p>Learn more here: https://www.thecharityreport.com/features/growth-of-donor-advised-funds-charitable-boon-or-parking-lot/</p>
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