



**Written Submission for the Pre-Budget Consultations 2023**  
**By:**  
**The Association of Fundraising Professionals (AFP) Canada**

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**AFP Canada Recommendation:** Designate a dedicated federal secretariat for the charitable sector in Canada.

The Association of Fundraising Professionals (AFP) Canada appreciates the opportunity to submit our recommendation for Budget 2023 to the Department of Finance Canada.

### **About Canada's Nonprofit Sector**

Canada's nonprofit sector, which includes the charitable sector, is instrumental to the country's economic success and productivity. The sector is one of the five largest industries in our country, representing more than 170,000 charities and nonprofit organizations. It accounts for 8.4% of Canada's Gross Domestic Product and more than 10% of the labour force (Statistics Canada).

The nonprofit sector provides countless services and supports making a huge difference in the lives of Canadians, from coast to coast to coast. In fact, the sector often addresses needs that cannot be met by government or by the market. We are also an important partner to government in the delivery of key services, including health care, education and social services.

Fundraising professionals play the important role of ensuring that nonprofits have the funds they need to do their work. Charitable revenue from Canadian households and businesses makes an essential contribution to the sector's ability to facilitate social change. There is a well-documented link between asking for and securing charitable contributions<sup>1</sup> which means that fundraising not only matters but is crucial.

Our sector plays a key role in helping people across Canada deal with the challenges brought on by the pandemic. Early in 2020, we stepped up and responded quickly to the many pressing needs of Canadians by providing food, emergency shelter and health care, among other things, to some of the most vulnerable in our communities, which is something we continue to do today.

In addition, the impact of Canada's nonprofit sector is even greater considering that many of its services indirectly support the economy and countless industries across the country. The sector strengthens our country's economy in many ways, including keeping the population healthy, finding new cures for diseases, helping workers who are unemployed, and providing workplace training and education.

Despite all of this, the sector faces significant challenges that hamper its ability to meet the needs of communities across Canada.

### **Recommendation: Designate a dedicated federal secretariat for the charitable sector.**

Designating a secretariat in government for the sector would be the most significant way for government to ensure the ability of charities to meet the wide-ranging needs of Canadians now and in the future.

Despite the fact that the charitable sector contributes 8.4% to Canada's GDP, our sector does not have a dedicated secretariat in government tasked with ensuring the well-being and viability of the more than 170,000 charities and nonprofits in the country. By comparison, industries with similar contribution percentages to Canada's GDP (construction, finance, and mining, oil, and gas extraction) all have federal

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<sup>1</sup> Science of Philanthropy Initiative: Importance of the Ask; <https://spihub.org/importance-of-the-ask>

ministers, secretariats, or entire government departments dedicated to the sector or industry (Government of Canada, 2021).

This recommendation to government is not new. After holding more than 25 meetings with organizations and officials in 2018 and 2019, the Special Senate Committee on the Charitable Sector issued a report entitled “Catalyst for Change: A Roadmap to a Stronger Charitable Sector”, which included a recommendation (Recommendation 22) for the government to create a secretariat on the charitable sector.<sup>2</sup>

In its formal response to the report, the government indicated it “supports the creation of a single window into government for the charitable sector”<sup>3</sup>. The government also noted that Employment and Social Development Canada currently leads the government’s approach to the sector and might be the appropriate host. However, no progress has been made to support this recommendation despite the widespread support for it.

Further to that, as identified by the January 2021 report of the Advisory Committee on the Charitable Sector<sup>4</sup>, federal policy frameworks for the sector are uncoordinated, and there is insufficient investment in data, IT, finance and labour market practices for the sector, which prevents the sector from reaching its full potential. The impact of the lack of a clear “home” in government for the sector was made abundantly clear during the COVID-19 pandemic.

#### Impact of no specific secretariat during the COVID-19 pandemic

The COVID-19 pandemic put Canada’s charitable sector in a difficult position—with nearly half of all charities reporting increased demand for services, more than half also experienced a dramatic drop in fundraising due to the cancellation of fundraising campaigns and a decline in individual donations<sup>5</sup>. At the same time the sector, like many others, had to quickly respond to changing government restrictions while trying to support its workforce and beneficiaries.

While the government acted quickly to provide support programs for companies and organizations impacted, the sector was excluded from various programming, such as the Canada Emergency Wage Subsidy (CEWS) on its onset and was forced to advocate for inclusion after the program had been announced. A lack of dedicated secretariat for the sector during the pandemic meant that the government was slow to identify major gaps in the capacity of the sector to respond to community needs, and in developing targeted supports for organizations as they sought to adjust.

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<sup>2</sup> Senate of Canada (2019). Catalyst for Change: A Roadmap to a Stronger Charitable Sector; <https://sencanada.ca/en/info-page/parl-42-1/cssb-catalyst-for-change/>

<sup>3</sup> Minister of National Revenue (2021). Response to the Report of the Special Senate Committee on the Charitable Sector; <https://afpglobal.org/sites/default/files/attachments/generic/ResponseGovttoSenateReSenateReportonCharitableSectorMarch2021.pdf>

<sup>4</sup> Report #1 of the Advisory Committee on the Charitable Sector (2021); <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/corporate-reports-information/advisory-committee-charitable-sector/report-advisory-committee-charitable-sector-february-2021.html>

<sup>5</sup> Imagine Canada (2021). Sector Monitor Ongoing Effects of the COVID-19 Pandemic; [www.imaginecanada.ca/sites/default/files/Sector-Monitor-Ongoing-Effects-COVID-19-Pandemic-EN.pdf](http://www.imaginecanada.ca/sites/default/files/Sector-Monitor-Ongoing-Effects-COVID-19-Pandemic-EN.pdf)

As we look towards recovery, other sectors have been fortunate enough to receive dedicated support—such as the tourism industry, with \$500 million through the Tourism Relief Fund<sup>6</sup>, the aerospace industry, with \$250 million through the Aerospace Regional Recovery Initiative<sup>7</sup>, and the festival and events sector, with \$200 million through the Major Festivals and Events Support Initiative<sup>8</sup> – all of which have their funds open for some time now.

Although the charitable sector has been fortunate enough to see the announcement of \$400 million through the Community Services Recovery Fund in Budget 2021<sup>9</sup>, the application portal only opened in January 2023 with a deadline of February 21. This is a full two years after this much need support was announced. If the sector had a dedicated secretariat, it would have had more of an opportunity to contribute to the government’s recovery agenda and would have had a dedicated advocate within government that could have sought to expedite the rollout of the important CSRF program.

The nonprofit sector provides countless services and supports, making a huge difference in the lives of Canadians from coast to coast to coast. In fact, according to a November 2022 [Ipsos poll](#)<sup>10</sup>, 22% of Canadians planned to access charitable services within six months. The sector often addresses needs that cannot be met by government or by the market. We are also an important partner to government in the delivery of key services, including health care, education and social services.

A dedicated secretariat would not only ensure a greater understanding of how government programs and regulations can increase effectiveness and innovation in the sector but would ensure that the sector has the support it needs to continue to provide valuable services to Canadians. Numerous benefits would flow from being housed in one 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.

The sector supported Canadians throughout the pandemic and continues to provide much needed services and supports to countless Canadians, but it needs support, in the form of a secretariat, in order to continue to do so.

AFP Canada appreciates this opportunity to submit recommendations for the Department of Finance Canada. Should there be any questions please contact AFP Canada at 613-407-7169 or [Lisa.Davey@afpglobal.org](mailto:Lisa.Davey@afpglobal.org).

## **Background**

The Association of Fundraising Professionals (AFP) represents over 27,000 individual fundraisers and charities that raise more than \$115 billion annually for charities around the world—equivalent to nearly

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<sup>6</sup> Government of Canada; Tourism Relief Fund; [www.canada.ca/en/atlantic-canada-opportunities/campaigns/covid19/tourism-relief-fund.html](http://www.canada.ca/en/atlantic-canada-opportunities/campaigns/covid19/tourism-relief-fund.html)

<sup>7</sup> Government of Canada: Aerospace Regional Recovery Initiative; [www.ic.gc.ca/eic/site/icgc.nsf/eng/07738.html](http://www.ic.gc.ca/eic/site/icgc.nsf/eng/07738.html)

<sup>8</sup> Government of Canada: Major Festivals and Events Support Initiatives; [www.ic.gc.ca/eic/site/icgc.nsf/eng/07733.html](http://www.ic.gc.ca/eic/site/icgc.nsf/eng/07733.html)

<sup>9</sup> Government of Canada: Budget 2021; <https://www.budget.gc.ca/2021/report-rapport/p2-en.html#chap6>

<sup>10</sup> Ipsos: Two in Ten (22%) Canadians Say They’ll Access Charitable Services to Meet Essential Needs in Next 6 Months (2022); <https://www.ipsos.com/en-ca/news-polls/canadians-access-charitable-services>

one-third of all charitable giving in North America. In Canada, AFP's over 3,200 members in over 21 chapters work for more than 1,800 charities across the country and raise billions of dollars every year.

These dollars are not raised in a vacuum but in accordance with AFP's *Code of Ethical Standards*—first developed in 1964 and one of the few ethical codes that is enforced. Our code, which sets the highest standards for ethics in fundraising, has been used as the foundation for subsequent codes of conduct in many different countries around the world. AFP also has convened more than 30 national fundraising associations from across the globe to draft the International Statement of Ethical Principles, an additional series of values and standards for the international fundraising community.