



Association of Fundraising Professionals (AFP) Canada
Government Relations Committee Policy Working Group
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Background

AFP Canada advocates for an environment that strengthens effective and ethical fundraising to encourage giving. Our vision is that more asking will lead to more giving and greater impact for the causes we serve. As part of its 2021 mandate, AFP Canada’s Government Relations Committee developed policy positions for key issues of interest to AFP members in Canada.

The Issue

Despite contributing 8.4% to Canada’s GDP¹, **the charitable and nonprofit sector does not have distinct ministerial, regulatory or organizational administration in the federal government.** By comparison, industries with similar contribution percentages to Canada’s GDP (construction, finance, and mining, oil, and gas extraction) all have federal ministers, secretariats, or entire government departments dedicated to the sector or industry.²

Charities and nonprofits have consistently been forgotten and/or left out from government measures that are designed to boost economic growth and/or respond to urgent issues. Most recently, during the COVID-19 pandemic, the sector was excluded from the Canada Emergency Wage Subsidy (CEWS) and was forced to advocate for inclusion after the program had been announced. Other examples include:

- Charities and nonprofits may, because of their corporate structure, be excluded from government initiatives, such as with The Mathematics of Information Technology and Complex Systems program (MITACS) prior to 2014.
- Charities and nonprofits are, by their nature, excluded from tax-based economic incentives (such as accelerated depreciation or research tax credits), and there are no policies to provide them with equivalent benefits.
- Grants and contributions—even where an organization competes competitively for a contract to provide a service on behalf of the government—generally do not allow charities and nonprofits to recover administrative, organizational and overhead costs

¹ Statistics Canada (2021). The Daily: Non-profit institutions and volunteering: Economic contribution, 2021; <https://www150.statcan.gc.ca/n1/daily-quotidien/210628/dq210628c-eng.htm>

² Government of Canada (2021). Federally regulated industry sectors; <https://www.canada.ca/en/services/jobs/workplace/federally-regulated-industries.html>

related to service delivery. Private sector entities winning procurement contracts are allowed to incorporate these costs.³

The Advisory Committee on the Charitable Sector (ACCS) noted in its January 2021 report that federal policy frameworks for the sector are uncoordinated, and that there is insufficient federal investment in data, IT, finance and labour market practices for the sector. The ACCS found that a permanent policy home in government could result in a more effective and productive sector, enabled by coordinated federal policies and programs.⁴

Why a secretariat is important for the charitable and nonprofit sector

Secretariats act as information centres for the federal government. They are responsible, in part, for gathering, analyzing, and sharing information about industry or sector trends, functions, and needs with policy makers and regulatory bodies. **Establishing a secretariat for the charitable and nonprofit sector would help to ensure that the needs of charities and nonprofits are adequately considered in regulatory and policy decisions at the federal level.** A secretariat would serve as a central body to which the sector could work in partnership with government on changes that would benefit Canadians, including legislative and regulatory reform as well as targeted investments.

By establishing a secretariat for the sector and mandating an annual report on the status of the sector, the government can elevate general awareness of the sector and its importance to Canada's economy and to Canadian communities.

Benefits of a Home and Champion in Government

A central home for the sector will lead to:

- Greater understanding of how government programs and government regulations can increase effectiveness and innovation within the charitable sector.
- A more effective regulatory environment, including enabling and supporting charitable giving. This could mean that everything from charitable tax credits to anti-spam legislation to privacy regulations will be considered through the lens of the charitable sector.
- Beyond regulation, this would be a government institution that celebrates and champions the contributions and impact of the charitable sector.
- Government programs that include, rather than forget, the sector and equip it to deliver greater benefit to Canadians.

³ Imagine Canada (2019). Towards a Home in Government for the Charitable and Nonprofit Sector; https://drive.google.com/file/d/15M_4PvSh7HzC8SrK4N5ojsrTRDjk4fKz/view

⁴ Advisory Committee on the Charitable Sector (2021). Report #1 of the Advisory Committee on the Charitable Sector – January 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>

- Relevant and timely data about the sector to inform decision-making on the part of both government and the sector.

Issue Background

On June 20, 2019, the Special Senate Committee on the Charitable Sector released its report, *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*.⁵ The report 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 sector.

Recommendation 22 addresses the concern raised by numerous presentations to the Committee, including AFP’s that the sector should have a home in government. When the committee tabled this report—and in many subsequent interviews with committee members—this proposal was consistently ranked the top recommendation from the report.

That the Government of Canada, through the Minister of Innovation, Science and Economic Development, create a secretariat on the charitable and non-profit sector to:

- *Establish and convene regular meetings of an interdepartmental working group, with representation from Finance Canada, the Treasury Board of Canada Secretariat, the Canada Revenue Agency, Employment and Social Development Canada (ESDC) and other departments with direct connections to these organisations;*
- *Convene meetings of appropriate groups of federal/provincial and territorial ministers with responsibility for various aspects of regulating and relating to the charitable and non-profit sectors; and*
- *Publish an annual report on the state of the charitable and non-profit sector. This report should include changes related to the sector by federal, provincial and territorial governments along with a more general overview of the economic and social health of the sector.*

In January 2021, the Advisory Committee on the Charitable Sector (ACCS) recommended to the Minister of National Revenue that it work with cabinet colleagues to create a permanent “home in government” for Canada’s charities and nonprofits outside of the CRA.⁶

According to the ACCS, this home will provide a place within government for comprehensive policy development which will strengthen the government-nonprofit sector relationship to ensure a more productive and effective partnership and advocate on behalf of this sector when

⁵ 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/>

⁶ Report #1 of the Advisory Committee on the Charitable Sector – January 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>

broader government policies and programs are being considered, acting as a connector and communicator with other government departments as well.

The ACCS also recommends that a sector home in government should be “central” enough that it is part of key discussions; part of the permanent infrastructure of government; cost-effective and relatively easy for the federal government to implement; and its mandate should be limited to those issues that charities and nonprofits have in common because of their corporate structures. Finally, the home in government should recognize that charities and nonprofits make a significant economic as well as social contribution to Canada.

In March 2021, the government released its response to the Senate report in which it indicated that it “supports the creation of a single window into government for the charitable sector”. The response stated that “ESDC [Employment and Social Development Canada] currently leads the government's approach to the charitable and nonprofit sector” and that, as such, it was well positioned to house the secretariat. However, the response did not offer details or a timeline for implementation. (*Note: see full response below.)⁷

Finally, although AFP was pleased with a number of measures announced in Budget 2021 and their potential to benefit the sector and communities, the Budget did not address comprehensive sector-wide changes, including the call for a home in government. Thus, despite well-articulated arguments, **there is currently no roadmap for establishing a home in government.**

*Employment and Social Development Canada (ESDC) currently leads the Government's approach to the charitable and nonprofit sector. The volunteer sector is supported through a number of channels, including ESDC's administration of Canada's Volunteer Award, the Social Development Partnerships Program which makes strategic investments to the voluntary sector, and the \$350 million Emergency Community Support Fund to help community organizations serve vulnerable Canadians during the COVID-19 pandemic. While ISED and other departments and agencies, including the CRA, the Department of Canadian Heritage, and Finance Canada, play important roles in supporting the sector to ensure a coordinated Government approach, ESDC may also be well-situated in light of its programming's central focus on the charitable and nonprofit sector. ESDC could leverage its current work on the Social Innovation and Social Finance Strategy to engage stakeholders in order to better understand expectations on the role and mandate of a centralized secretariat.

⁷ Minister of National Revenue (2021). Response to the Report of the Special Senate Committee on the Charitable Sector: Catalyst for Change: A Roadmap to a Stronger Charitable Sector; https://sencanada.ca/content/sen/committee/421/CSSB/reports/CSSB_GovResponse_Charitable_e.pdf

Quick Facts

- Charities and nonprofits employ approximately 10% of Canadian workforce.⁸
- Despite contributing 8.4% to Canada’s GDP, the charitable and nonprofit sector does not have distinct ministerial, regulatory, or organizational administration in the federal government. By comparison, the industries with similar contribution percentages to Canada’s GDP (construction, finance, and mining, oil, and gas extraction) all have federal ministers, secretariats, or entire government departments dedicated to the sector or industry.⁹
- Despite experiencing a sharp decline in revenue during the COVID-19 pandemic, real gross domestic produce for charities and nonprofits increased in 2021.¹⁰

For more information visit the [AFP Canada website](#).

⁸ Statistics Canada (2017). Non-profits and volunteering: Economic contribution, 2007–2017; https://www150.statcan.gc.ca/n1/daily-quotidien/190305/dq190305a-eng.htm?utm_source=Early+Alert+-+open&utm_campaign=bb67f75dba-EMAIL_CAMPAIGN_2017_03_13_COPY_01&utm_medium=email&utm_term=0_639057398f-bb67f75dba-292684385

⁹ Government of Canada (2021). Federally regulated industry sectors; <https://www.canada.ca/en/services/jobs/workplace/federally-regulated-industries.html>

¹⁰ Statistics Canada (2021). Non-profit institutions and volunteering: Economic contribution, first quarter 2021; <https://www150.statcan.gc.ca/n1/daily-quotidien/210628/dq210628c-eng.htm>