



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

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List of AFP Recommendations

- 1. Designate a federal department to have economic policy responsibility for charities and nonprofits.**
- 2. Allocate \$1 million to Statistics Canada annually for the purpose of collecting, analyzing and disseminating comprehensive data about the nonprofit sector.**
- 3. Support an equitable recovery for nonprofit and charitable organizations.**
- 4. Permanently eliminate the capital gains tax on charitable gifts of private company shares and real estate.**

The Association of Fundraising Professionals (AFP) Canada appreciates the opportunity to submit our recommendations for Budget 2022 to the Standing Committee on Finance.

About Canada's Nonprofit Sector

Canada's nonprofit 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 other types of nonprofit organizations. It accounts for more than 8 percent of Canada's Gross Domestic Product and more than 10 percent of the labour force (Statistics Canada).

Canada's nonprofit sector is the second largest in the world. Registered charities alone, numbering 86,000 organizations from coast to coast, generated annual revenues of \$279 billion and incurred expenditures of \$261 billion in 2017 (Blumberg's *Snapshot of the Canadian Charity Sector*).

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 between jobs, and providing workplace training and education.

Recommendation 1: Designate a federal department to have economic policy responsibility for the nonprofit sector.

Despite contributing 8.5% to Canada's GDP (Statistics Canada, 2017), 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 (Government of Canada, 2021).

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 for the sector.

The pandemic has shown how acutely needed a home for our sector is. The lack of coordination—which results from not having one central place in government—hinders the sector in trying to create a unified response, promulgate best practices and ensure all nonprofits have access to government tools and resources. For example, with no department considering our sector (or serving as a point of contact for us), the charitable sector was ignored by the Canada Emergency Wage Subsidy (CEWS) and other emergency support programs. The sector was only added after the program was announced once our omission was brought forward—by the sector itself!

The Special Senate Committee on the Charitable Sector's report, "Catalyst for Change: A Roadmap to a Stronger Charitable Sector," included among its recommendations that the government create a secretariat on the charitable and nonprofit sector. 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.

In March 2021, the government released its response to the report from the Senate Special Committee in which it indicated that it “supports the creation of a single window into government for the charitable sector.” However, it did not offer details or a timeline for implementation. The time is now for the government to prioritize the charitable sector and to consider the recommendations of the Advisory Committee on the Charitable Sector in moving forward with this essential proposal.

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.

Recommendation 2: Allocate \$1 million to Statistics Canada annually for the purpose of collecting, analyzing and disseminating comprehensive data about charities and nonprofits.

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.¹ Ultimately, Canadians are negatively impacted by the lack of sector data because charitable organizations are unable to fully comprehend, assess and strive to respond to the full scope of community needs.

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. We urge 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.

For leadership in the sector to reflect the diversity of the country, data collection must become an ongoing priority, and it must be well funded. Research confirms that diversity at the leadership level is essential for nonprofits and charities to thrive. However, a recent crowdsourced survey conducted by Statistics Canada found that only 14% of sector leaders identified as immigrants to Canada; 11% said they belonged to a visible-minority group; eight percent identified as LGBTQ2+; six percent said they had a disability; and three percent identified as First Nations, Metis, or Inuit.²

AFP collects data relevant to the fundraising profession through its annual *Compensation & Benefits Report* and bi-annual *What Canadian Donors Want* survey. In fact, thousands of charities and nonprofits across the country collect data relevant to their cause and constituency. However, inconsistent terminology and methodology makes it virtually impossible to share and compare data across the sector.

Recommendation #16 of “Catalyst for Change,” the Senate Special Report on the Charitable Sector, as well as Report #2 from the Advisory Committee on the Charitable Sector, argue for investments to

1 Imagine Canada - https://imaginecanada.ca/en/360/recent-data-releases-statistics-canada-are-helpful-more-needed?utm_source=Engagement&utm_campaign=9efc338d05-EMAIL_CAMPAIGN_2017_03_13_COPY_01&utm_medium=email&utm_term=0_9d1856f442-9efc338d05-292987578

² Ratna Omidvar - <http://www.ratnaomidvar.ca/the-diversity-deficit-in-the-boardrooms-of-canadas-charities/>

support evidence-based decision making by organizations in the sector. AFP supports these recommendations and urges the federal government to fund Statistics Canada with \$1 million annually to re-engage in its critical work to gather data about the nonprofit sector.

Recommendation 3: Support an equitable recovery for nonprofit and charitable organizations

On January 15, 2021, Prime Minister Justin Trudeau issued a supplementary mandate letter to the Minister of Families, Children, and Social Development which included the direction to "continue to work across government to ensure that charities and non-profits have the tools they need to modernize as they emerge from the pandemic to support the government's overall agenda in a manner that responds to the need of Canadians in every region."

The pandemic has laid bare the inequities faced by low-income and racialized communities in Canada. Ensuring an equitable recovery is paramount to our country's future prosperity. Given its proximity to equity-seeking groups, the charitable sector will play a key role in that recovery.

AFP's recent study *What Canadian Donors Want* found that 71% of Canadian donors and 62% of non-donors agree that the government should support charities financially to help them recover post-COVID-19.

AFP applauds the federal government's targeted investments in Black communities as part of Budget 2021, specifically the \$200 million to establish a new Black-led Philanthropic Endowment Fund and \$100 million for the Supporting Black Canadian Communities Initiatives which helps support capacity building in the community, including Black-led nonprofits.

However, while these investments were positive steps, they cannot fully address the needs of equity-seeking groups which have been historically underfunded. For example, Black-led organizations in Canada receive \$0.07 for every hundred dollars granted by Canadian philanthropic organizations, according to [Unfunded: Black Communities Overlooked by Canadians](#). And recent research shows that "even though Indigenous people are about 4.9% of the population, Indigenous Groups received just over one half a percent of gifted funds.... Indigenous Groups are getting about \$1 for every \$178 given to non-indigenous groups."³

AFP urges the federal government to specifically invest in equity-seeking charitable organizations—both because they are best positioned to understand and respond to the needs of their local communities and because they have been historically underfunded and thus limited in their ability to build capacity to attract private philanthropy.

AFP also urges the federal government to extend the Canada Emergency Wage Subsidy through the pandemic recovery. This program has been a significant factor in preventing closures of charities and nonprofits.

³ CanadianCharityLaw - <https://www.canadiancharitylaw.ca/wp-content/uploads/2021/05/Canadian-charities-giving-to-Indigenous-Charities-and-Qualified-Donees-2018.pdf>

Extending COVID-19 relief will help charities become more resilient, further encourage investment from donors and funders, and strengthen the charitable sector's capacity to meet needs in communities across Canada.

Recommendation 4. Permanently eliminate the capital gains tax on charitable gifts of private company shares and real estate.

Our fourth recommendation is the elimination of the capital gains tax on gifts of private company shares and real estates.

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 million⁴.

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.

AFP Canada appreciates this opportunity to submit recommendations for the Standing Committee on Finance. Should members of the committee have questions about these proposals, please contact AFP at 613-407-7169 or Lisa.Davey@afpglobal.org.

Background

The Association of Fundraising Professionals (AFP) Canada represents more than 3,200 fundraising leaders across the country to support causes and missions that help Canadians from coast to coast to coast. The organization serves as the voice of the fundraising profession in Canada and is part of the larger AFP Global network, the largest community of professional fundraisers. AFP Global members, which include Canadians, number over 26,000 and raise more than \$115 billion annually for charities around the world—equivalent to nearly one-third of all charitable giving in North America.

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.

⁴ Don Johnson Submission to House of Commons Standing Committee on Finance - <https://www.ourcommons.ca/Content/Committee/421/FINA/Brief/BR10003151/br-external/JohnsonDonald-e.pdf>