



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

October 2022

**Association of Fundraising Professionals
675 King Street West
Suite 203
Toronto, ON M5V 1M9
613-407-7169**

List of AFP Canada Recommendations:

- 1. Designate a dedicated federal secretariat for the charitable sector in Canada.**
- 2. Allocate funding to Statistics Canada annually for the purpose of collecting, analyzing and disseminating comprehensive data about the nonprofit sector, which includes the charitable sector.**

The Association of Fundraising Professionals (AFP) Canada appreciates the opportunity to submit our recommendations for Budget 2023 to the Standing Committee on Finance.

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 contributions¹ 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 1: 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

¹ 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.²

In its formal response to the report, the government indicated it “supports the creation of a single window into government for the charitable sector”³. 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 further efforts have 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 Sector⁴, 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 donations⁵. 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.

² 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/>

³ 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>

⁴ 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>

⁵ 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

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 Fund⁶, the aerospace industry, with \$250 million through the Aerospace Regional Recovery Initiative⁷, and the festival and events sector, with \$200 million through the Major Festivals and Events Support Initiative⁸ – all of which have their funds open. Although the charitable sector has been fortunate enough to see the announcement of \$400 million through the Community Services Recovery Fund in Budget 2021⁹, the portal for applicants, as well as further details regarding eligibility is not yet available, despite the fact that successful projects are required to end by March 31, 2023. If the sector had a dedicated secretariat, it would have had more of an opportunity to contribute to the governments recovery agenda.

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. Additionally, it would ensure that government programs include the charitable sector, which amplifies their benefit to Canadians—enabling and supporting organizations in their important work at the community level.

Recommendation 2: Allocate funding to Statistics Canada annually for the purpose of collecting, analyzing and disseminating comprehensive data about the nonprofit sector.

There are numerous gaps in the data currently collected by the federal government about the nonprofit sector. As referenced by Imagine Canada in their pre-budget submission, macroeconomic, human resources, and qualitative evidence is key to informed decision making, and this data deficit creates challenges for policymakers and nonprofit sector leaders.¹⁰

The charitable sector’s lack of economic, organizational and employment data means that public policy, funding and other decisions are made without access to basic information.¹¹ 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 one-time commitment of \$172 million for Statistics Canada to implement a Disaggregated Data Action Plan to fill data and knowledge gaps. We urge the federal government to

⁶ Government of Canada; Tourism Relief Fund; www.canada.ca/en/atlantic-canada-opportunities/campaigns/covid19/tourism-relief-fund.html

⁷ Government of Canada: Aerospace Regional Recovery Initiative; www.ic.gc.ca/eic/site/icgc.nsf/eng/07738.html

⁸ Government of Canada: Major Festivals and Events Support Initiatives; www.ic.gc.ca/eic/site/icgc.nsf/eng/07733.html

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

¹⁰ Imagine Canada: 2023 Pre-Budget Submission; <https://imaginecanada.ca/sites/default/files/Imagine-Canada-pre-budget-brief-2023.pdf>

¹¹ Imagine Canada: Recent Data Releases from Statistics Canada are Helpful but More is Needed (2021); 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

allocate funding to Statistics Canada annually for the purpose of collecting, analyzing and disseminating comprehensive data about the critical work done by 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 diversity¹² at the leadership level is essential for nonprofits and charities to thrive. However, a 2021 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.¹³

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 Sector¹⁴, argue for investments to support evidence-based decision making by organizations in the sector. AFP Canada supports these recommendations and urges the federal government to allocate funding to Statistics Canada annually for the purpose of collecting, analyzing and disseminating comprehensive data about the nonprofit sector.

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 and data, in order to continue to do so.

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 Canada at 613-407-7169 or Lisa.Davey@afpglobal.org.

Background

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

¹² Rotman: The David and Sharon Johnson Centre for Corporate Governance Innovation: Not-for-Profit Board Diversity & Inclusion: Is it essentially window-dressing?; [file:///C:/Users/LDavey/Downloads/NFP-Board-Diversity-and-Inclusion-Report_Final%20\(3\).pdf](file:///C:/Users/LDavey/Downloads/NFP-Board-Diversity-and-Inclusion-Report_Final%20(3).pdf)

¹³ Ratna Omidvar: The Diversity Deficit in the Boardrooms of Canada’s Charities (2021); <http://www.ratnaomidvar.ca/the-diversity-deficit-in-the-boardrooms-of-canadas-charities/>

¹⁴ Report #2 of the Advisory Committee on the Charitable Sector (2021); www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/corporate-reports-information/advisory-committee-charitable-sector/report-advisory-committee-charitable-sector-april-2021.html

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.