



Written Submission for the Pre-Budget Consultations
in Advance of the 2023 Federal Budget

by Pillar Nonprofit Network

**Investing in Canadian Nonprofits for
True Social and Economic Recovery**

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Recommendations:

1. Accelerate and expand anti-oppression work by funding initiatives that advance reconciliation and eliminate racism and hate
2. Establish a minimum core funding threshold that invests in quality services and decent work
3. Invest in the future of critical institutions and the efficacy of cross-sectoral collaboration by establishing a permanent, effective, and accountable home in government for the social impact sector.
4. Create a Nonprofit Sector Labour and Workforce Development Strategy
5. Collect sector-wide data for improved decision making

Our shared goals and ambitions

Communities in Canada are experiencing cascading crises. We know you need no convincing of this. And we are not the first to say that a government's priorities are found in its budget, but we encourage this government to meet the moment in Budget 2023. We ask that you use this opportunity to recognize that crises of health, inequality, a growing "social deficit," and anti-democratic forces threaten our communities' wellbeing, and we encourage you to invest sufficiently in people and organizations to make urgently needed change. As a network of social impact organizations in Southwestern Ontario, our focus here will be on budgetary measures to support organizations that build equity, social cohesion, and stronger communities.

In that context, we are submitting five recommendations. The first foregrounds [Pillar's ongoing commitment to equity](#): to bear witness to oppression and name it, including anti-Black racism, anti-Indigenous racism, and all intersecting oppressions.¹ The remaining four are endorsements of [measures that Imagine Canada recommends](#) in these same pre-budget consultations,² recommendations aimed at strengthening the social impact sector* and its ability to deliver on government priorities and the needs of those living in Canada's cascading crises.

*A note on usage: As a network organization, we recognize that Pillar's diverse members understand their role in making a just, equitable, and thriving society through differing terminology, sometimes with intention, sometimes by habit. Terms like *nonprofit sector*, *charitable sector*, or *philanthropic sector* describe organizations by their governance structures. Some, like *social impact sector*, or *social purpose sector* are more closely related to outcomes. The sector has also been known as the *voluntary sector* in recognition of the critical role of board members and other volunteers; and as *civil society* or the *community sector* in recognition of the foundational web of relationships it fosters. All of these denote the *third sector*, the third pillar of society, from which we take our name. Under all of these names, the sector is united in delivering on our communities' needs and priorities. Where we are not referencing a specific type of organization, we will use the term social impact sector, but we ask you to think about the sector in the terms that are meaningful to you and that describe the critical people and organizations that are working to make your communities better.

¹ [Pillar Nonprofit Network announces 2021 – 2023 Strategic Plan with focus on equity, change and recovery](#)

² [Written Submission for the Pre-Budget Consultations in Advance of Federal Budget 2023 by Imagine Canada](#)

Our recommendations

- 1) Accelerate and expand anti-oppression work by funding initiatives that advance reconciliation and eliminate racism and hate**, including but not limited to those experienced by First Nations, Inuit, Métis, Black, Asian, Latinx, Arab, Muslim, Jewish, and racialized and faith-based communities, alongside newcomers, women, persons with disabilities, and 2SLGBTQQA+ persons.
 - a) Increase investment and accelerate work on the Calls to Action for the federal government from the TRC; the Calls for Justice to the federal government from the Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls; and the implementation of UNDRIP;
 - b) Re-invest in the anti-Black racism strategy;
 - c) Invest in implementing the federal recommendations to combat Islamophobia from the National Council of Canadian Muslims;
 - d) Fully invest in the forthcoming National Action Plan on Combating Hate, including a national fund for organizations that support victims of hate and all of [the recommendations of the Canadian Race Relations Foundation](#) on the National Action Plan on Combating Hate.³

³ [Victims of Hate Require Better Supports Across Canada: New Report](#)

2) **Establish a minimum core funding threshold that invests in quality services and decent work.** Our local work with the Elgin Middlesex Oxford Workforce Planning and Development Board indicates both that the nonprofit sector and overlapping care economy in our region are experiencing a [human resources crisis](#),⁴ confirming data from sector surveys by the [Ontario Nonprofit Network](#)⁵ and [Imagine Canada](#).⁶ Further, our own [local surveying](#) specifically reveals that the current funding environment that favours project and program funding over operational or “core” funding is depressing organizations’ ability to attract, hire and retain nonprofit workers, especially for small organizations.⁷ Our survey was specifically meant to test whether a pandemic-era narrative of “funder flexibility,” including government funders, was being felt yet on the ground. One respondent wrote, “We are always applying for new funding because the funders love ‘new projects’ and that’s how we keep our staff employed. Churn baby churn.” In view of these findings, their urgent implications, and the likelihood that they could be replicated nationwide, we join Imagine Canada in asking that this budget be used to:

- a) Reclassify 30% of all current project-based funding that is destined for charities and nonprofits to be eligible as core funding;
- b) Improve project-based funding as recommended in the [2019 Catalyst for Change Senate Report](#). These recommendations have currently not been fully implemented. This would adequately cover streamlined reporting requirements, project length, and full coverage of associated administrative costs; and
- c) In view of the [acute effects on small organizations](#),⁸ take an equity approach to the provision of core funding to address historical inequities.

⁴ [London Area Employers in the Care Economy Facing Significant Labour Challenges](#)

⁵ [2022 State of the Sector – Policy Report](#)

⁶ [Sector Monitor: The uneven impact of the pandemic on Canadian charities](#)

⁷ [Information for Action: Nonprofits struggle to attract support during the pandemic](#)

⁸ [Information for Action: Nonprofits struggle to attract support during the pandemic](#)

3) **Invest in the future of critical institutions and the efficacy of cross-sectoral collaboration by establishing a permanent, effective, and accountable home in government for the social impact sector.** The nonprofit sector is among Canada's largest employers and among the largest contributors to Canada's GDP, but there is no minister accountable to Canadians for the health of this economic engine and its potential for further job growth and decent work. The sector is a force for social cohesion but has no home in government from which to advise on strategies to bring Canadians into community. Billions of dollars lie in wait for a rainy day in foundations, but there is no mechanism outside of these fleeting consultation opportunities to affect positive change to an outmoded regulatory environment. We have long recognized the power of cross-sectoral collaboration and collective impact, but the nonprofit sector is missing at government tables where plans for public-private partnerships are evaluated. And the pandemic has only amplified the need for a home in government to ensure that relief is delivered in a way that ensures the survival and optimizes the critical work of the social impact sector.

- a) We endorse Imagine Canada's long-standing recommendation that the federal government establish a "home" for the sector within the machinery of government; and
- b) specifically, fully implement Recommendation #22 of the [Senate Catalyst for Change Report](#): create a "home" for charities and nonprofits, in the form of a body tasked with:
 - i) Regularly convening an interdepartmental working group,
 - ii) Convening federal/provincial/territorial meetings,
 - iii) Creating policies that cultivate a strong and resilient nonprofit sector
 - iv) Collaborating with Stats Canada on regular data products, including an annual report on the state of the sector.
 - v) Develop policies addressing broad underfunding and systemic inequity

- 4) We endorse Imagine Canada’s call that the government **create a Nonprofit Sector Labour and Workforce Development Strategy**. The little information we do have about the nonprofit workforce suggests it is changing. As Imagine Canada notes, “Statistics Canada data from 2010 to 2019 reveals a profile of a highly educated, women-majority nonprofit workforce increasingly composed of immigrants and racialized people, with a growing proportion of workers who are 55 years or older.”

Our own local surveying, provincial surveying, and national surveying also tell us that it is a workforce in crisis, perhaps particularly in view of pandemic impacts, but also as a matter of historical and systemic neglect.

Again, in view of pandemic impacts to our communities, it is increasingly clear that there can be no economic recovery without social recovery, and that social recovery will also require the financial stability of the many organizations that deliver services according to government priorities. The social impact sector has always been the ideal partner in delivering government priorities to communities, and has done everything possible to maximize its efficiency, diversifying revenue and running lean, even at the expense of its own workers. But this is not sustainable through two years of a pandemic and, likely, at least two more years of recovery. Perhaps never again, as attitudes about work shift and awareness grows about issues such as [sectoral wage disparities](#).⁹

With all of this in mind, we join Imagine Canada in asking that you use Budget 2023 to

- a) resource a comprehensive non-profit workforce strategy;
- b) invest in mental health support for frontline workers in the community/human services sector;
- c) enable talent retention through greater unrestricted funding access;
- d) address labour shortages in critical care economy subsectors; and
- e) fully implement all of the [2019 Catalyst for Change Report](#) recommendations.

⁹ [Creating wage parity in community care \(The ONN\)](#)

- 5) **Invest fully in a social impact sector ethical data strategy.** Like Imagine Canada, we ask that you fully implement Recommendation #8 of the [Senate Catalyst for Change Report](#), and direct the CRA to collect additional information in the T3010 and T1044 process on the board diversity of Canadian charities and nonprofit organizations.

Our own efforts to produce actionable data at the local level – in part to answer questions about the health of the sector from municipal governments – serve to underscore a historic data deficit and lack of benchmarks. We join Imagine Canada in supporting [the recommendations of the Federal Data Working Group](#), including

- a) the creation of a nonprofit advisory committee at Statistics Canada to improve data collection;
- b) a Statistics Canada mandate to carry out a follow-up to the 2003 National Survey of Nonprofit and Voluntary Organizations, to be repeated every three years;
- c) provide Statistics Canada with a clear mandate for data collection on the nonprofit sector and modifying ongoing programs to better highlight the role of the nonprofit sector;
- d) and the provision of \$2 million in 2023-24 and \$500,000 ongoing funding for the creation of a Nonprofit Sector Data Lab.

As a member-centric organization and diverse network of social impact actors, Pillar amplifies and advocates for the missions and activities of our members working across many subsectors, from health care to green transition, from VAW shelters to disability rights, from reconciliation with Indigenous peoples to supports for social finance, from active transportation to education, from circular economy to disability rights. We touch the same wide range of priorities as the public sector and, indeed, are critical partners in delivering on those priorities.

We are alarmed to increasingly see the term “charity gap” appearing in accounts of the sector, even accounts *by* the sector, the notion that nonprofit capacity is falling short of the community demand. As Imagine Canada and others have reported, it is certainly true that needs in our communities have outstripped the ability of nonprofits to meet the demand during the pandemic. But this language elides the real issue: this is a public sector gap, what Imagine Canada had called an “emerging social deficit,” even before the pandemic.

Social impact organizations can help to restore social wellness and cohesion. We are the knowledge keepers for our communities, pillars of Canada’s social infrastructure, and economic drivers in our own right. We encourage you to invest in the sector’s recovery and sustainability so that these organizations can help you deliver on Canada’s promises and, indeed, the promise of Canada.