



The Muttart Foundation

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PRE-BUDGET CONSULTATIONS FOR BUDGET 2015

A submission to the House of Commons

Standing Committee on Finance

EXECUTIVE SUMMARY

The Muttart Foundation encourages the Standing Committee on Finance to recommend the inclusion of funds in Budget 2015 to allow Statistics Canada to conduct on-going studies to provide information about Canada's nonprofit sector.

According to what little data does exist, the nonprofit sector in Canada is a significant contributor to GDP and a major employer. Yet its breadth is not fully understood, at least partly because of the lack of statistical data similar to that available about other parts of Canadian society.

The Muttart Foundation recommends that studies similar to those conducted in the past – the *National Survey of Nonprofit and Voluntary Organizations*, the *Satellite Accounts of Non-Profit Institutions and Volunteering* and the *Canadian Survey of Giving, Volunteering and Participating* – be conducted on an ongoing basis. In this way, informed discussions within the sector, and between the sector, government and the private sector can take place, with benefits to all.

ABOUT THE PRESENTER

The Muttart Foundation is among the oldest private foundations in Canada. It was created in 1953 by the late Merrill and Gladys Muttart, successful business people whose corporations existed across the country.

The Foundation does not engage in fundraising; it uses the earnings on its endowment to make grants to charities and to operate programs aimed at:

- increasing the capacity of charities to engage in policy-level discussions on issues affecting the sector and particular subsectors;
- identifying new and better ways of ensuring quality early childhood education and care are available; and
- providing educational assistance to staff and key volunteers of charities

Among its own direct research activities, the Foundation has published five editions of *Talking About Charities*, a national public opinion poll to assess Canadians' views of charities and issues affecting charities.

The Foundation supports some other requests that are being made to the committee, particularly those calling for introduction of the Stretch Tax Credit, but has chosen to focus its own submission on the question of research.

A CALL FOR RESEARCH: WE NEED TO KNOW

Canada has an international reputation for the gathering and dissemination of information through Statistics Canada. Its various studies provide important data to government, businesses and the public about both social and economic issues.

Yet, one element of Canadian society is particularly underrepresented in available studies: Canada's nonprofit sector. This lack of data not only is inconvenient; but also means that policy and regulatory decisions are made in the absence of reliable information.

- Members of Parliament and the public can easily learn how Canada is doing in producing mushrooms¹, but they cannot find out how many nonprofit organizations exist in the country.
- One can determine each month how many eggs are produced and the disposition of those eggs², but cannot find any Statistics Canada information on how many people are employed by Canada's nonprofit organizations.
- If one needs to know, from month to month, how many asphalt roofing tiles are manufactured and their destination, that information is readily available³, but one can't find out how many Canadians are served by Canada's nonprofit organizations.
- And while Statistics Canada produces monthly statistics about the quantity of frozen and chilled meat⁴, there are huge gaps in our understanding about how many Canadians volunteer for nonprofits that exist to serve Canadians.

1 .

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0010012&paSer=&pattern=&stByVal=1&p1=1&p2=31&tabMode=dataTable&csid=>

2. <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0030022&pattern=003-0021..003-0024&tabMode=dataTable&srchLan=-1&p1=-1&p2=31>

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<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3030052&paSer=&pattern=&stByVal=1&p1=1&p2=31&tabMode=dataTable&csid=>

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<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0030081&paSer=&pattern=&stByVal=1&p1=1&p2=31&tabMode=dataTable&csid=>

While people might instinctively think of charities as small organizations, the 2003 *National Survey of Nonprofit and Voluntary Organizations* (NSNVO) demonstrated that the total revenue of nonprofit organizations in the country **exceeded \$100 billion and employed more than 2 million people.**

The Satellite Accounts report in 2009 demonstrated:

The broader non-profit sector, which includes hospitals, universities and colleges, **exceeded by more than one third the value added of the entire retail trade industry, and outpaced the value added of the mining, oil and gas extraction industry.** (emphasis added)

The study also reported that the core nonprofit sector (which excludes hospitals, universities and colleges) was growing faster than the economy as a whole.

Over the 1997 to 2007 period, **the growth in economic activity (of the core nonprofit sector) outpaced that of the overall Canadian economy in six out of eleven years.** (emphasis added)

The latest version of the *Canadian Survey of Giving, Volunteering and Participating* (CSGVP) in 2010 showed that 84% of Canadians donate to nonprofit organizations and that 47% of Canadians volunteer – giving of their time to the **equivalent of more than 1 million full-time jobs.**

But all of this data is now out of date – certainly more dated than most other parts of society measured through Statistics Canada research. Despite the size and importance of the nonprofit sector, we know little about it as a whole, because of the elimination of the NSNVO and Satellite Accounts studies, and the significant limitations that will exist because of changes in methodology for CSGVP.

ABOUT THE SECTOR

Canada's nonprofit sector is composed of two types of organizations: registered charities and organizations which are not charities, but which exist for a purpose other than profit.

There is some data available about those organizations which have received charitable status. Almost 86,000 charities fall into this category.⁵ Every charity is required to file an annual return with the Canada Revenue Agency (CRA) and much of the information on that return is available publicly. Indeed, Canadian charities are the only entities in society whose returns to the tax authority are available through the CRA's website.

⁵ . CRA website, accessed July 29, 2014, showed there were 85,947 registered charities.

There is little known about those nonprofit organizations that are not registered charities, although the last Statistics Canada study on the sector in 2003 showed there were almost as many non-charities in the voluntary sector as there were charities. Nonprofit organizations that are not charities are only required to file returns if their income or asset levels surpass certain thresholds. There is no information about the level of compliance with those reporting requirements, and none of those returns are publicly available: they are protected by the confidentiality provisions of the *Income Tax Act*.

Having more detailed information about registered charities is not a proxy for the full sector; the attributes of nonprofits that are not registered charities appear, from existing data, to be different. Extrapolation is not an option.

THE IMPORTANCE OF ACTING NOW

In the last two federal budgets, the government has indicated its continuing concern about whether certain organizations that are considered nonprofits (other than charities) should, in fact, qualify for that status. CRA has carried out a compliance project and while the full report of that project has not been released, the summary of findings indicates a disagreement about whether some of these organizations are nonprofits. Budget speeches have signalled that the government may consider legislative solutions.

Yet, any changes would be made in the absence of current data about the scope of the nonprofit sector.

- In 2003, Statistics Canada published the *National Survey of Nonprofit and Voluntary Organizations*. That was the first and last census of the nonprofit sector.
- In 2009, Statistics Canada published the *Satellite Account of Non-profit Institutions and Volunteering*. That was the second and last study that focused specifically on the contributions of the nonprofit sector to Canada's economy.
- Statistics Canada had, for a number of years, published the *Canadian Survey of Giving, Volunteering and Participating*. That study has now been discontinued as a stand-alone study, with some of the questions being included on the General Social Survey.

These reports have provided vital information that has helped promote discussions within the nonprofit sector and between that sector and others. The data are widely used within the sector, in discussions between the sector and governments which rely on nonprofits to deliver programs and services to Canadians, and in conversations with the Canadians all of these nonprofits are designed to serve. The absence of current data frustrates meaningful dialogue.

CONCLUSIONS AND RECOMMENDATIONS

In its call for submissions, the Committee has identified six themes:

- balancing the federal budget to ensure fiscal sustainability and economic growth
- supporting families and helping vulnerable Canadians by focusing on health, education and training
- increasing the competitiveness of Canadian businesses through research, development, innovation and commercialization
- ensuring prosperous and secure communities, including through support for infrastructure
- improving Canada's taxation and regulatory regimes
- maximizing the number and types of jobs for Canadians

Canada's nonprofit organizations are critical players in at least three of those priorities, and they are affected directly by the competitiveness priority and the application of regulatory regimes.

Additional research would be useful to determine how much of a role the sector now plays and how much larger a role it might be able to play. Just as government and the public use data that are now available about industry, the economy and social trends, they can use (as they have used) data about the nonprofit sector.

The Muttart Foundation does not think it is necessary that each of these studies⁶ be carried out annually. In an ideal world, they could be carried out in rotation, so that one of the studies was completed each year. Having information that is no more than three years old would provide significant benefits to those in the sector, governments, academics and the general public.

We need to understand more about Canada's nonprofits, because of their breadth and because of the importance of the services they deliver to Canadians.

We encourage the Committee to recommend that Statistics Canada be provided with the funds necessary to reinstitute these studies and to conduct them on a regular schedule into the future.

⁶. As part of its recommendation, we propose that the CSGVP be restored to its original format as a stand-alone study.