Profiling the Nonprofit/Voluntary Sector in Alberta

Discussion Paper on the Value and Contribution of the Nonprofit/Voluntary Sector

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Overview

This paper provides a high-level summary of the Nonprofit/Voluntary Sector (NPVS) in Alberta, how it does its work, and the impact its work has on the cultural, economic, social and political fabric of the province. This paper is meant to be a starting point for conversations about the role of the NPVS in Alberta, and examines the relationship between government and sector, now and in the future.

The first part of the paper is a description of the sector. It outlines some of the sector’s key features, and provides examples of the work that the NPVS is doing across the province in all sub-sectors. It highlights the crucial contributions that the sector makes to Alberta: as an economic driver, as stewards of Alberta’s collective well-being, and as innovators.

While the sector is critical to Alberta’s economy and innovative drive, the primary contribution of the NPVS is improving the quality of life in every community in the province. The sector drives community cohesion; it builds a sense of belonging and brings people together. The sector matters to Albertans, and they show their support for the work of the NPVS by donating their time and money. The NPVS is making a difference in the lives of Albertans on a daily basis by: providing spaces for self-expression, playing a foundational role in community and civic engagement, providing support services for those in need, and supporting efforts on disaster relief and management.

The second part of the paper summarizes key features of the relationship between the sector and government, and proposes a set of principles to help govern the future working relationship between government and the sector. Finally, the paper provides a glossary of terms commonly used when talking about the NPVS, and concludes with a summary of the theory and history behind government/NPVS relationships in Canada.
About Alberta’s Nonprofit/Voluntary Sector (NPVS)

The nonprofit/voluntary sector (NPVS) is a significant part of the fabric of Alberta’s communities. With more than 26,200 nonprofit organizations, Alberta’s NPVS is diverse, organized, self-governing, and continually evolving.

Non-profit and voluntary organizations in Alberta represent many sub-sectors; from sports and recreation, to arts and culture, environment, newcomer settlement, housing, social services, community development, education and research, volunteerism, faith groups, unions and professional associations and more. They are the backbone supporting vibrant, welcoming and engaged communities and Albertans. The NPVS is comprised of a continuum of organizations that range from informal, volunteer-based, with no formal resources or legal form, to formal, paid staff and volunteers, abundant resources and structured legal forms.1 The sector ensures that Alberta has creative, diverse and prosperous communities. It touches every Albertan’s life in some way.

The Alberta Nonprofit/Voluntary Sector Initiative (ANVSI), which is a formal relationship and collaboration between the NPVS and the Government of Alberta (GOA), defines nonprofits as, “Self-governing organizations that exist to service the public benefit, generate social capital but do not distribute profit to members, depend to a meaningful degree on volunteers, involve participation on a voluntary basis, and are independent or institutionally distinct from the formal structures of government and the profit sector.”

Contributions to Alberta’s Economy and Communities

Charitable organizations in Alberta spend approximately $18.4 billion on salaries and other compensation, and contribute a total of $33.4 billion in total expenditures to our economy.2 The most recent Canada Revenue Agency data available reports that approximately 211,562

2 Canada Revenue Agency and Alberta Office of Statistics and Information, 2015.
Albertans are employed full-time by charitable organizations, and 238,503 are employed part-time. Sector employees are well educated, with 70% having a post-secondary education. The NPVS also engages 1.4 million Albertans whose volunteer efforts cross all sub-sectors each year.

Volunteer labour, by its very nature, is unpaid. Albertans offer their time to NPVS organizations so that they can make positive contributions to their communities, develop and enhance their skills, and gain experience that can be translated into paid roles. The value of volunteer labour is often intangible, as change is rarely immediate. However, proxy measures developed by Culture and Tourism’s Community Engagement Branch, based on the 2015 Alberta Wage and Salary Survey, provide a basis for estimating the monetary value of volunteer time. According to Statistics Canada, Alberta volunteers gave an average of 161 hours to the NPVS in 2013. Based on Statistics Canada data, a volunteer providing unskilled labour donates approximately $3,220 in-kind through their time annually. Expanding the calculation to all Albertan adult volunteers, $8.3 billion in volunteer labour is donated to the sector every year.

The number of nonprofit organizations in Alberta grew by 35 per cent between 2003 and 2018, from 19,356 to 26,212. Growth in the number of incorporated organizations in the sector continues to occur as organizations are looked upon to provide more or enhanced programs and services to address complex challenges, including: the social shifts associated with an aging population; population shift to cities; changing public attitudes; advances in knowledge; new family structures; urban Indigenous population growth; immigration patterns; and changing government roles.

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3 Canada Revenue Agency, 2015.
5 Based on Alberta Labour data, Alberta Culture and Tourism measures unskilled volunteer time as worth $20 per hour; for skilled labour (tasks or roles requiring specialized knowledge or training), volunteer time is worth $35 per hour; and for volunteer roles that involve using heavy equipment, volunteer time is worth $70 per hour.
Nonprofit are stewards of the collective wellbeing and common good of all Albertans.

The NPVS tackles complex issues with efficiency, empathy and innovation. Through customized and high quality services, nonprofits aim to contribute to the province’s overall collective wellbeing and common good. The NPVS is often entrusted with delivering complex services because of its proximity to community and role in building trust within the delivery of services, most particularly, social services (employment, living wage, mental health).8

An example of an organization providing social services is the Sheldon Kennedy Child Advocacy Centre, based in Calgary. The Centre uses a multi-disciplinary approach to treat abused children, youth, and their families; supports their recovery, seeks to stop the cycle of abuse, and is dedicated to bringing perpetrators to justice. The Centre provides wrap around services for children, youth, and families who are victims of abuse. In its first five years, the Centre assessed more than 7,500 infants, youth and children.

Nonprofits in Alberta deliver direct services such as social services, health, education, and cultural services (media and communications, visual and performing arts, historic societies, and museums), etc. Many Albertans at some time in their lives will or have received advice, counselling, or assistance in times of need, from a nonprofit organization in the local community.9

Waypoints Community Services Association in Fort McMurray fills several community needs through its various programs. These programs include emergency and second-stage shelters for women and children, a domestic violence outreach program (including the Opportunities for Change Centre for male and female domestic violence offenders), a sexual assault and abuse centre, a Housing First Program, and a social enterprise – the Compass, which is a 78-unit apartment building.

8 Sheldon Kennedy Child Advocacy Centre website. http://sheldonkennedycac.ca/
9 Alberta Council of Women’s Shelters website. https://www.acws.ca/acws-board-of-directors
Nonprofit organizations are also stewards of public infrastructure. In many communities, nonprofit organizations are responsible for operating and maintaining parks, cemeteries, cultural facilities, museums, arenas and rinks, community and agricultural halls, and theatres.

In rural communities, **agricultural societies** are often responsible for maintaining public use infrastructure. Alberta’s 283 primary and seven regional agricultural societies provide communities with facilities such as curling and hockey rinks and community halls, giving families access to activities and gathering spaces in their hometowns. Many agricultural societies also put on rodeos, summer fairs, bench shows, workshops and countless other events that bring people together to celebrate and learn about agriculture and rural life.10

**The sector is solutions oriented with the ability to take risks and innovate.**

The NPVS has been innovating for decades, largely because nonprofit organizations are more adaptable due to their smaller scale, closer proximity to communities, and creative approach to their endeavors.11 Nonprofit organizations often pioneer new ways of thinking and practice, and identify gaps or problem areas that have been previously unaddressed.12 The sector has the capacity to do and try new things, and often, its innovative ideas are replicated by other sectors.13

One example is the **Calgary Alternative Transportation Co-Operative**. Formed in the late 1990s, the cooperative's goal was reductions in car dependency, environmental impacts of vehicles, and the financial cost of vehicle use for members of the co-operative. Over 150 members shared access to six vehicles, using vehicles only on an as-needed basis. The for-profit industry moved into Calgary's car-sharing economy in 2012, when car2go introduced a fleet of 150 vehicles across the city.

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The sector has highly skilled, knowledgeable and creative individuals, both employees and volunteers, who are the driving force behind innovation. It acts as an entry point, an incubator, an asset builder and a local leader. Nonprofit organizations are on the leading edge of thinking and modernizing practice and service delivery in Alberta.

In 2001, the Medicine Hat Community Housing Society took action to end homelessness in the city. The Society took a “just do it” approach, and housed 1,000 people in six years. The organization credits its success to its ability to be agile, bold, and adaptive to changes in its environment.

Social labs are a component of social innovation. In Alberta, sector organizations are on the forefront of social innovation thinking, and often partner with private sector entities for funding and support. ABSI Connect, for example, is an initiative designed to support social innovation in Alberta and foster an enabling environment of innovation in the province. It seeks to position Alberta as a social impact leader nationally and internationally, and partners with corporations, post-secondary institutions and sector organizations and funders to advance social innovation work. Other collaborative projects are focused on one particular complex issue. Project Blue Thumb, for example, is a social lab that brings together stakeholders with an interest in improving and maintaining water quality in the Red Deer River Watershed.

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17 Calgary Public Library. “Idea Lab.” [https://calgarylibrary.ca/idealab/](https://calgarylibrary.ca/idealab/)


Social innovation models have also been leveraged by the private sector and government. Karma and Cents is a Calgary-based organization focused on supporting family foundations and enterprises to attain their social and legacy objectives. It has a Social Impact Lab designed to facilitate multi-disciplinary teams working on complex social issues.\(^{20}\) The Government of Alberta is also using a collaborative space approach to policy innovation through the Ministry of Energy’s CoLab (officially launched in 2014).\(^{21}\)

**The NPVS is an important vehicle for self-expression for individuals and groups.**

Groups often form to give expression to cultural and religious heritage, occupations, sexual orientation and gender identity, music and culture, and a wide range of hobbies (everything from gaming, to hunting, to gardening). Through this expressive function\(^ {22}\), the sector also creates and develops leaders.

**One Voice Chorus Society** provides a supportive environment for LGBTQ2 singers and allies to sing, learn, perform, and share within an artistic, community-focused organization. In May 2018, One Voice brought the Unison Festival to Calgary. The Unison Festival is held every four years, and brings LGBTQ2 choirs from across Canada together to build connections and collaborate on creative projects.

The sector is often the guardian of the foundational values that Albertans hold. Many Albertans have experienced attending festivals\(^ {23}\), enrolling their children in a fun or educational class, or engaged in a celebration of their heritage or culture\(^ {24}\).

**The Edmonton Heritage Festival** is an annual three-day celebration of multiculturalism, featuring more than 70 pavilions representing more than 90 different countries and cultures. Pavilions offer arts, dance and food from their culture. Since its inaugural year in 1976, the festival has raised $34 million for cultural groups. In 1986, the festival partnered with the Edmonton Food Bank. Over the past 32 years, the festival has raised more than $1,000,000, and collected over 1.6 million kilograms of food for the Food Bank.

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\(^{22}\) One Voice Chorus website. [http://onevoicechorus.ca/about-us-2/](http://onevoicechorus.ca/about-us-2/)

\(^{23}\) Calgary Stampede website. [http://corporate.calgarystampede.com/about/](http://corporate.calgarystampede.com/about/)

\(^{24}\) Edmonton Heritage Festival website. “About Edmonton Heritage Festival Association.” [https://www.heritagefest.ca/about-us](https://www.heritagefest.ca/about-us)
The Calgary Stampede is a not-for-profit community organization that preserves and celebrates western heritage, cultures and community spirit. Led by over 2,300 volunteers, the Stampede’s year-round events, programs and initiatives invest in youth, support agricultural programs, celebrate western culture and make a lasting economic impact in Calgary. Each year, Stampede Park hosts over 1,200 business, tourism, sporting, hospitality and community events and welcomes more than two million guests. These year-round events create thousands of jobs and contribute more than $400 million to the Alberta economy.

Building community engagement and maintaining Alberta’s vibrant civil society.

Nonprofits encourage community building, democracy and accountability by bringing people together, creating trust and reciprocity, and in turn, contributing to a sense of community. The NPVS is instrumental in creating a sense of trust, a social gathering place and ensures that Albertans live in a province where individuals can express themselves, organize freely and discuss issues that matter to them, in efforts to make their communities great places to live. Nonprofits also ensure accountability by being advocates for their communities, and sharing research and information with political leaders at the municipal, provincial and federal level.

26 C5 Edmonton. http://c5edmonton.ca/about/#
C5 Edmonton is a collaborative project, bringing together five capital region social services agencies (Bent Arrow Traditional Healing Society, Boyle Street Community Services, Edmonton Mennonite Centre for Newcomers, Norwood Child + Family Resource Centre, and the Terra Centre for Teen Parents). C5 brings together multi-disciplinary teams to support families in the Relentless Connector and Ubuntu initiatives, and coordinates the Community Hub in northeast Edmonton offering family, senior, youth and children’s programs and services. The Hub is a community space and collective kitchen where residents of northeast Edmonton neighbourhoods can get together. C5 also communicates its clients’ perspectives to government, informing federal, municipal and provincial social policy decisions on issues such as mental health services and affordable housing.

The NPVS plays an integral role in disaster relief and management efforts

Alberta has seen a number of natural disasters in recent years, including floods and fires. The agility of Alberta’s nonprofit organizations, along with their close proximity to communities or
“boots on the ground” has allowed them to play a considerable role in disaster management, relief and recovery efforts.27

On May 3, 2016, a wildfire forced the mass evacuation of Fort McMurray. 80,000 residents of the Regional Municipality of Wood Buffalo were displaced. Donation centres opened across the province so people could drop off the immediate essentials required by evacuees, many of whom did not even have a change of clothes.

To ensure families received the essentials they needed, the Government of Alberta contracted with Adventist Development and Relief Agency (ADRA) Canada to manage and distribute the massive amount of physical goods. ADRA is an internationally recognized humanitarian organization that undertakes community development initiatives, including emergency management to provide aid during disaster.

Government and the Nonprofit/Voluntary Sector

Government and the NPVS have interconnected mandates to provide services to Albertans.

Often, the sector and the government have similar goals and aims. Both are striving to redistribute resources equitably as well as reach Albertans with varied needs and interests. The sector and government also have a shared interest in improving the quality of life and overall wellbeing of citizens in the province.

The relationship between the Alberta government and the NPVS is constantly evolving and is usually reflective of the current social and political context.28 Nonprofit organizations and the nonprofit/voluntary sector have relationships with elected officials, the Alberta Public Service, and many government agencies, boards and commissions. Nonprofit organizations often have bilateral relationships with key ministries and government agencies, boards and commissions,29 and discuss and negotiate specific policy and program initiatives with them.30

NPVS and the province: a collaborative relationship

Collaboration around the policy process and service delivery frameworks is important for both the government and the NPVS. The sector is a valuable and critical player in the policy process,
because the sector is a bridge to the everyday Albertans. NPVS associations, foundations, and other funders also play a role in convening groups around shared interests and building system capacity.

**The Alberta Mentoring Partnership (AMP)** has roots dating back to 2001 and became an official partnership in 2008. The AMP is a network of community mentoring agencies, government and youth working together to raise the profile of mentoring in Alberta. They exist to help schools and mentoring agencies meet the needs of the children and youth they serve. Mentoring is not exclusively the responsibility of government but rather can be fostered through a government and nonprofit partnership. The government saw the preventative benefits of having a mentorship program in place for at-risk youth. The nonprofit/voluntary sector and community successfully leveraged existing and new resources. By 2012, the AMP had broad support from government and community with 94 partners at the table.

**Support to public sector institutions**

Government funds and delivers essential public services, including education and healthcare. These public services often rely on the sector to provide services that improve the quality of the service, and address gaps. For example, volunteers who give their time to the 120 hospital foundations or healthcare auxiliary groups that operate in Alberta greet patients and their families at hospitals, manage, run and staff hospital gift shops, and fundraise for essential equipment at hospitals and health care centres.

**The Alberta Addiction & Mental Health Research Partnership Program** is a multi-disciplinary and multi-sectoral collaboration of addiction and mental health service providers, research institutions, government ministries, nonprofit organizations, and others who work together to advance mental health research and translate evidence into practice. Each partner recognizes that addiction and mental health research is crucial in improving the mental wellbeing of Albertans.

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The non-profit sector also provides support to employees of publicly funded institutions where there is overlap in communities served, or a shared interest in solving a policy problem.

**Sector accountability**

The government holds the NPVS accountable, using a wide variety of regulatory and monitoring powers that ensure appropriate use of funds, etc.

The nonprofit/voluntary sector and Government of Alberta legal and policy environment is characterized by legislation that regulates the formal organizational structure and activities of the NPVS (such as the: Societies Act; Part 9 of the Companies Act; and the Charitable Fund-raising Act). More information on legislation that directly impacts how the legal status of the sector can be found in Appendix B.

There is also legislation that mandates government responsibilities, and in some instances, regulates how certain activities can be delegated, delivered, or reported. For Community and Social Services, significant legislation includes the Persons with Developmental Disabilities Services Act and the Income & Employment Supports Act; for Children’s Services, the Child & Youth Family Enhancement Act and the Child Care Licensing Act.

In addition to legislation, government also monitors sector accountability through contractual and grant reporting requirements.

The sector, in turn, also holds government accountable through efforts such as continued government relations efforts, writing position papers, and occasionally through judicial review.

Many nonprofit organizations have an advocacy function, and share their research, or their understanding of community preference, with policy-makers to influence decisions. Examples of this work include the following:

- **The Pembina Institute** and **Pembina Foundation**, amongst many other nonprofit organizations, have contributed to the current Climate Leadership Plan through many years of holding government to their commitments. In March 2013, the Pembina Institute, Pembina Foundation, Asthma Society of Canada, Canadian Association of Physicians for the Environment, and Lung Association, Alberta & Northwest Territories partnered and developed a position paper, “A Costly Diagnosis: Subsidizing coal power with Albertans’ health.” The report highlighted the costs that society pays for generating coal and electricity which include health impacts and climate change.\(^{32}\)

\(^{32}\) [http://www.pembina.org/reports/pi-costly-diagnosis-26032013.pdf](http://www.pembina.org/reports/pi-costly-diagnosis-26032013.pdf)
In September 2016, approximately ten nonprofits\(^{33}\) engaged in a dialogue with the Standing Committee on Alberta’s Economic Future, regarding the Personal Information Protection Act Review.\(^{34}\) A variety of perspectives were given by each nonprofit in efforts to provide key insights and ideas to law makers during the revision.

**Government funding of nonprofit/voluntary sector organizations**

The Government of Alberta provides funding to nonprofit/voluntary sector organizations in all sub-sectors.

The Government of Alberta provides approximately $800 million in grant funding for a variety of community based projects every year, not including contracts to NPVS organizations. This funding supplements revenue generation by organizations in all subsectors. Most government departments have NPVS stakeholders, and fund specific projects; for example, Advanced Education provides funding to the community adult learning program, supporting community-based adult learning.\(^{35}\) Health administers a number of grants that assist nonprofits in the subsector address challenges such as the opioid crisis\(^{36}\), or managing the complex health needs of vulnerable people (including people experiencing homelessness).\(^{37}\)

It is important to note that that only 16% of the sector’s revenues in Alberta are derived from provincial government grants.\(^{38}\) Based on the most recent Statistics Canada data, 46% of NPVS revenues in Canada are derived from the sale of goods and services. Across Canada, membership fees account for roughly the same proportion of revenues as provincial transfers to the NPVS.\(^{39}\) Leveraging funding from multiple sources is a key strength of Alberta’s NPVS, and one of the ways in which it demonstrates innovation.

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\(^{33}\) Nonprofits included: CCVO, ECVO, Calgary Urban Project Society, Canadian Information Processing Society of Alberta, Canadian Marketing Association, Federation of Calgary Communities, Historical Society of Alberta, Insurance Bureau of Canada, United Food and Commercial Workers Local 401 along with the Ministry of Service Alberta and Office of the Information and Privacy Commissioner.

\(^{34}\) Alberta Hansard Transcript No. 29-2-9 September 7, 2016. [http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/ef/legislature_29/session_2/20160907_1000_01_ef.pdf](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/ef/legislature_29/session_2/20160907_1000_01_ef.pdf)

\(^{35}\) Community Adult Learning Program. “CALP Portal – About Us.” [https://www.calp.ca/](https://www.calp.ca/)


\(^{38}\) Imagine Canada and Canada West Foundation. The Nonprofit and Voluntary Sector in Alberta: Regional Highlights of the National Survey of Nonprofit and Voluntary Organizations. 2006.

Alberta Culture and Tourism: capacity-builder, incubator and supporter of the nonprofit/voluntary sector

The Ministry of Culture and Tourism offers capacity-building resources to the NPVS. The Community Development Unit (CDU) provides facilitation and skill building services to the sector. In an average year, the CDU works with 563 community organizations, municipalities, or other government ministries on 846 projects. Culture and Tourism also coordinates ANVSI in order to further dialogue between the NPVS and Government of Alberta, and administers a number of community grants, including the Community Initiatives Program (CIP) and Community Facility Enhancement Program (CFEP).

In recognition of the numerous activities that the sector engages in to build its own collective capacity, Culture and Tourism also administers the Enhanced Capacity Advancement Program (ECAP). ECAP provides funding support to organizations that have a primary mandate and proven ability to build the capacity of other nonprofit organizations in Alberta, strengthen and advance the capacity of Alberta’s NPVS as a whole, and/or build capacity for effective volunteerism in the broader community.

Alberta’s Nonprofit Voluntary Sector Initiative

In recent years, the Government of Alberta and Alberta’s nonprofit/voluntary sector have placed emphasis and importance on the interdependence between government and the sector. To better understand and gather the broader perspectives of sector players, the Alberta Nonprofit Voluntary Sector Initiative (ANVSI) was created.

ANVSI was developed, in part, to create a collective policy lens, and to find areas of alignment between government and sector priorities. Since its inception in 2007 the initiative has played an important role in helping to guide the development of strategies and policies across ministries to support the sector. There is broader understanding within government about the important role of the sector. ANVSI was the first provincial initiative of its kind in Canada, bringing together representatives of Alberta’s diverse NPVS with representatives from across government in an ongoing collaborative forum. Prior to ANVSI, there was no clear space for the NPVS to engage with the GOA, other than on an ad hoc basis directly with individual government departments. At the time of formation, challenges identified by the group included high demand for services, core funding, accountability, workforce pressures, and difficulties defining the scope of the NPVS.
ANVSI creates a space for leaders from within the sector to provide their own knowledge and input to inform the conversation with senior officials from the GOA. ANVSI reflects the shared commitment of working together to find solutions to large cross-cutting challenges affecting the long-term health of the sector and its ability to continue supporting strong families, strong communities and the economy of the province.

**The Building Blocks of a Positive Relationship**

A positive government-nonprofit sector relationship is generally supported by:

- Open communication
- Continuous dialogue
- Mutual respect, benefit and accountability from both government and the sector
- Effective and efficient structures and processes including coordination, policy and capacity building support
- An ongoing relationship with the means to evaluate and monitor progress, identify issues and agree on common priorities
- A strong nonprofit sector that is fully recognized and celebrated by the sector, by government and Albertans;
- And an ongoing and consistent relationship between government, central agencies and the nonprofit sector.\(^{40}\)

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Appendix A: Glossary of Terms

What is the difference between a charity and a nonprofit?

<table>
<thead>
<tr>
<th>Charity</th>
<th>Federally, the Canada Revenue Agency (CRA) defines a registered charity as an organization established and operated for charitable purposes that must devote its resources to charitable activities. A charity cannot use its income to benefit its members, and it also must meet a public benefit test. To qualify under this test, an organization must show that its activities and purposes provide a tangible benefit to the public, and those people who are eligible for benefits are either the public as a whole, or a significant section of it. While registered charities are often referred to as nonprofit organizations (NPOs), and both types of organizations operate on a nonprofit basis, the two types are defined differently under the Income Tax Act.</th>
</tr>
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<tbody>
<tr>
<td>Charitable Organization</td>
<td>Service Alberta oversees and enforces legislation and regulations that set standards for charitable organizations and professional fundraisers, provides legal authority for nonprofit societies to incorporate and helps protect the public from fraudulent, misleading or confusing solicitations. Being registered as a charitable organization in Alberta means that an organization is registered under the Charitable Fundraising Act. This registration should not be confused with being a registered charity with the Canada Revenue Agency (CRA). It does provide a charitable registration number, but does not allow organizations to write charitable donation tax receipts. Charitable status for tax purposes is only granted by the CRA. A charitable organization must be registered under the Charitable Fundraising Act if:</td>
</tr>
</tbody>
</table>
| | • It uses a fundraising business. • It intends to raise more than $25,000 in gross contributions in its financial year from solicitations (requests for contributions) to individuals in Alberta. • During or after a campaign it finds it has raised more than $25,000 (if so, the charity must register within 45 days after the contributions reach $25,000). The Act applies to any incorporated or unincorporated organization that is formed for a charitable purpose, even if the organization is incorporated under the Societies Act or registered as a charity with Canada Revenue Agency. It also applies to any person asking for contributions for a charitable purpose or charitable organization, even if that person is not connected to any charitable organization. A charitable purpose includes any philanthropic, benevolent,
registered charity is an organization established and operated for charitable purposes, and must devote its resources to charitable activities. The charity must be resident in Canada, and cannot use its income to benefit its members (Canada Revenue Agency, 2015). A charity also has to meet a public benefit test. To qualify under this test, an organization must show that:

- its activities and purposes provide a tangible benefit to the public;
- those people who are eligible for benefits are either the public as a whole, or a significant section of it, in that they are not a restricted group or one where members share a private connection, such as social clubs or professional associations with specific membership;
- the charity's activities must be legal and must not be contrary to public policy.

For an organization to be registered, its purposes have to fall within one of the following categories:

- The relief of poverty
- The advancement of education
- The advancement of religion
- Certain other purposes that benefit the community in a way the courts have said is charitable (note: not all purposes that benefit the public or are worthwhile are considered charitable by the courts so not all nonprofit organizations are eligible)

There are three types of charities identified by the *Income Tax Act*:

- Charitable Organization
- Public Foundation
- Private Foundation
| Nonprofits | The Alberta Nonprofit/Voluntary Sector Initiative, and the federal government’s former Voluntary Sector Initiative define nonprofits as, “Self-governing organizations that exist to service the public benefit, generate social capital but do not distribute profit to members, depend to a meaningful degree on volunteers, involve participation on a voluntary basis, and are independent or institutionally distinct from the formal structures of government and the profit sector.” |
| Nonprofit organization (NPO) | A NPO is a club, society, or association that is organized and operated solely for social welfare, civic improvement, pleasure or recreation, or any other purpose except profit. If an organization meets the definition of a charity, it cannot be considered a NPO under the Income Tax Act, even if the organization is not registered or cannot be registered as a charity. An organization may meet one definition or the other, but not both. |
| Public benefit | The Lobbyists Act currently defines ‘organization’ as: (g) “organization” includes any of the following, whether incorporated, unincorporated, a partnership or a sole proprietorship: (i) a business, trade, industry, enterprise, professional or voluntary organization or institution; (ii) a trade union or labour organization; (iii) a chamber of commerce or board of trade; (iv) a nonprofit organization, association, society, coalition or interest group; (v) a government other than the Government of Alberta. Section 1(1)(g). |
|  | The Alberta Lobbyists Act does not currently apply to: Section 3 (1) (i) directors, officers or employees of an organization referred to in section 1(1)(g)(iv) not constituted to serve management, union or professional interests nor having a majority of members that are profit-seeking enterprises or representatives of profit-seeking enterprises. 41 |
|  | The Ontario Nonprofit Network (ONN) has identified the following four criteria that are essential for trust between organizations providing social enterprise and their communities, regardless of corporate form or sources of revenue:  
  a. Has a **public purpose** and mission;  
  b. Operates for the **public good, not personal gain**; |

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41 Alberta Lobbyist Act (2016) Section 3 (1) (i)
c. Reinvests excess revenue in its public mission; and

d. Retains its assets in the public domain for the public good.42

Other Definitions

| Civil Society | The World Bank has adopted a definition of civil society developed by a number of leading research centers: “the term civil society to refer to the wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organizations (CSOs); therefore, refer to a wide of array of organizations: community groups, non-governmental organizations (NGOs), labour unions, Indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations.43 |
| Community (Based) Organization | A public or private nonprofit organization that is representative of a community or a significant segment of a community and works to meet community needs Community organizations are formal or informal groups of people based in or around a “community” and are organized in some way, usually having some structure, rules or legal entity but sometimes being just an informal association. |
| Not-for-Profit | The term “not-for-profit organization” (NFPO) is used as a broad-based term that encompasses all organizations that are known variously as charities, nonprofits, non-governmental organizations (NGOs), private voluntary organizations (PVOs), civil society organizations (CSOs), etc. “Not-for-profit” is used in preference to “nonprofit” in order to emphasize that a defining criterion is the intention of the organization not to make profits for private gain. It is possible that such an organization will in fact make a profit from time to time, but that is not the principal purpose for which it is organized and operated. Nor is its purpose to distribute any portion of any profit for private gain. The major |

| Non-Governmental Organization (NGO) | A non-governmental organization (NGO) and its function can vary widely from service organizations to human-rights advocacy and relief groups. Defined as “any international organization that is not founded by an international treaty” by the United Nations, NGOs work to benefit communities from local to international levels. Non-government organizations provide a variety of services and activities in the community and at various stages of the justice system. They are governed by volunteer boards of directors and make extensive use of volunteers to deliver programs. Some may also engage in public education activities or speak out on social policy issues that relate to developing safe communities. |

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44 http://www.icnl.org/contact/faq/index.html#difference
45 https://justice.alberta.ca/programs_services/about_us/Pages/non_government_org.aspx
Appendix B: The Theory and History of Government/Nonprofit Sector Relationships in Canada

The NPVS is part of a complex and dynamic system, with dynamic tensions between the public sector, civil society (often represented by the NPVS), market or private sector and family and community sector. The boundaries between these sectors are porous and overlapping. The nonprofit sector represents a combination of the values and norms of the points in the triangle below.

![Diagram](image.png)


Nonprofits are part of a complex system of service delivery that includes state, market and nonprofit and community/family actors. The relationship between these sectors is varied, and largely depends on the participants in the system, and the social and political challenges that they are trying to solve. Nonprofit organizations are influenced by the needs of community and family...*
private households), government legislation and policy, values and practices of private businesses, and culture of civil society.\(^{46}\)

The public sector is concerned with the preservation of social order and control via laws and sanctions. It represents the interests of the majority through the political system. The market or private sector is concerned with the production of goods and services through economic exchange. The private sector is motivated by profit maximization. The community and family sector is motivated by social relationships and by shared interests and values. The nonprofit voluntary sector is concerned with expression of social aims and values by creating shared value between members, clients and stakeholders. The nonprofit sector often represents those who are considered marginalized and operates for the betterment of the common good.

### History of Government/Nonprofit Sector Relationships in Canada

It is difficult to fully understand Alberta’s nonprofit/voluntary sector-government relationships without taking a step back and reviewing the evolution of social policy, the welfare state and government in Canada. Federalism has been a key player in the complexity and the ebbs and flows of the relationship over the last century. As the role of the federal government shifted away from direct delivery, the role and size of provincial governments increased. Furthermore, there have been significant changes in how policy is made. Historically, it was largely a vertical process, but beginning in the 1990s, there was a shift to horizontal or decentralized policy making. The shift in broader welfare policies of the state have been a clear driver of change for the NPVS, as well as for the relationship between the sector and governments.\(^{47}\)

### Post World War II – The Welfare State

Nonprofits and charities have been an important partner in supporting the expansion of Canada’s welfare state following the Second World War and well into the 1960s and 1970s as Canada’s population and economy grew.\(^{48}\) Both the federal and provincial governments have a long history of working cooperatively with nonprofit organizations in the redistribution of resources in society. The development of Canada’s welfare state aimed to ensure there was full employment, thriving families and “cradle to grave” social supports. Several universal social programs were

\(^{46}\) Evers, A. and Lavalle, J.  Defining the Third Sector in Europe.


\(^{48}\) There are several reports of significance to the growth of the welfare state in Canada. These include:

implemented from 1940 forward, including unemployment insurance, family allowances, old age pensions, unemployment assistance and Medicare (1960s). The direct delivery of health and home care, for example, was provided by registered charities that had similar objectives.\(^{49}\)


As government funding increased and as the number of nonprofit organizations continued to rise, the federal government took note of the sector in the 1970s. The “first wave”\(^{50}\) of nonprofit/voluntary sector government relations began in 1974 when the Secretary of State created a National Advisory Council on Voluntary Action and supported the development of the Coalition of National Voluntary Organizations. The Council’s mandate was difficult to achieve due to bureaucratic procedures and resistance, as well as a lack of information available about government programs affecting the nonprofit/voluntary sector. The Council produced a report, which identified key sectoral issues, including: the narrow definition of charity, sectoral funding mechanisms (taxation and nonfinancial support from government); and access to government information and policy consultation opportunities.\(^{51}\)

1980-1990s – Retrenchment

Canada (and most governments in the western world) underwent a transition from Keynesian economic ideology to retrenchment driven by ideology and new public management beginning in the 1980s and continuing throughout the 1990s. This transition caused a “reset” of the relationship between government and the nonprofit/voluntary sector. No longer was there core, long term funding available to nonprofit organizations, which ultimately changed their relationship with communities. The relationship of mutual trust between government and nonprofit organizations eroded.

During the retrenchment period, “cradle to grave” social supports and Canada’s welfare state were significantly changed to reflect policies that included increased accountability, performance measurement, and contracting out. For example, in 1995, the end of the Canada Assistance Plan and the Established Programs Financing (post-secondary, etc), along with the termination of the Canada Health and Social Transfer in 2004 and the beginning of the Canada Health Transfer, or CHT, and the Canada Social Transfer, or CST in 2005 – to improve the transparency and accountability of federal support to provinces and territories. These changes signaled the division of constitutional responsibilities between the federal and provincial governments.\(^{52}\)

\(^{50}\) Elson notes that there are three waves of nonprofit/voluntary sector-government relations.
\(^{51}\) Elson, Peter. A Short History of Voluntary Sector-Government Relations in Canada. The Philanthropist, Volume 21, No 1
\(^{52}\) Ibid. pg. 54.
During the same time period, the Canadian government increased its accountability measures and contracting out to nonprofit organizations as well. The environment that nonprofit organizations were working in was reconfigured as the political context changed. Nonprofits faced increased competition, expectations for multi-partner projects, increased accountability reporting, as well as new demands to purchase and use computers and other technologies.  

1995-2005 – Voluntary Sector Initiative

In 1995, 13 national voluntary umbrella organizations gathered to form the Voluntary Sector Roundtable (VSR). This was the “second wave” of government-nonprofit sector relationships in Canada. The roundtable was struck to bring about collaboration and common issues of concern in the sector. In 1997, the VSR convened the Panel on Accountability and Governance in the Voluntary Sector and wrote a report called, *Building on Strength: Improving Governance and Accountability in Canada’s Voluntary Sector*.

The 1999 report made 41 recommendations for the voluntary sector and for governments with the goal of enhancing the effectiveness and credibility of the sector in its ongoing role of strengthening civil society. The VSR encouraged the creation of a joint Government of Canada - voluntary sector process to explore three areas of common concern: building a new sector/government relationship, strengthening the voluntary sector's capacity, and improving the regulatory environment in which the voluntary sector operated. Over the summer of 1999, three "joint tables", comprised of government and sector leaders, discussed these issues and produced a final report entitled *Working Together: A Government of Canada/Voluntary Sector Joint Initiative*. The 1999 Speech from the Throne also highlighted the federal government’s interest in and the need for a partnership between the nonprofit/voluntary sector and government.  

Although political support for VSI waned in 2005, there were two significant products of VSI that highlighted the size, nature, scope and relevance of the little known Canadian nonprofit voluntary sector, and brought the sector to the attention of governments across Canada. In 2003-2004 the first National Survey of Nonprofit and Voluntary Organizations was conducted by the Canadian Centre for Philanthropy and Statistics Canada. The second was the *Accord Between the Government of Canada and the Voluntary Sector*, which demonstrated that the government viewed the nonprofit sector as a relevant and legitimate participant in the policy process.

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54 Voluntary Sector Initiative website. [http://www.vsi-isbc.org/eng/about/history.cfm](http://www.vsi-isbc.org/eng/about/history.cfm)
2005 – Present – Social Innovation and Big Data

Building on momentum from the VSI years, the sector continues to find innovative approaches to how it engages with communities and with government. The trends that have defined the last 13 years of the relationship are a move towards social innovation, social procurement, and big data.

The shift towards social innovation is the result of nonprofits recognizing that solutions to complex social issues require a multi-faceted approach that considers the strengths of multiple sectors.\(^{55}\) Solutions require the NPVS, government and private sector to work collaboratively. Programs and policies that centre on collective impact, a form of systems thinking that draw multiple organizations and partners together for a common purpose, are increasingly common. Examples of collective impact initiatives include the 10-Year Initiative to End Homelessness, launched by the Alberta government in collaboration with municipalities and NPVS organizations in 2007, the Calgary Poverty Reduction Initiative (Enough for All), launched by the City of Calgary and the United Way of Calgary and Area in 2011,\(^ {56}\) and End Poverty Edmonton, which brings groups of community leaders together with the goal of ending poverty in the capital city within a generation.\(^ {57}\)

Government and the NPVS are also drawing together through public institutions. New post-secondary programs and research groups have been created across Canada to respond to the needs of the NPVS, including the Mount Royal Institute for Community Prosperity, and the University of Alberta’s Master of Arts in Community Engagement. Social procurement is another avenue for the NPVS and government to use their strengths to create solutions for complex social issues. Municipalities, hospitals, school board and post-secondary institutions are increasingly searching for opportunities to purchase goods and services from social enterprises, furthering progress on community development goals for both the NPVS and government.

Data on complex social issues will likely define the next several years of the relationship between government and the NPVS. While nonprofit organizations have access to open data from some municipalities, including Calgary and Edmonton, there is currently no infrastructure in place to support a broader strategy for how data is shared and used. In Budget 2018, the federal government announced approximately $19 million in spending to collect better data on poverty, race, gender and other intersecting factors that impact how decisions are made on social, economic, environmental and financial issues.\(^ {58}\) As the federal government begins work on better


\(^{56}\) Ibid, p 17

\(^{57}\) End Poverty Edmonton. “About Us.” https://www.endpovertyedmonton.ca/about/

data collection, the NPVS will have the opportunity to work with provincial and governments to determine data needs and sharing strategies.

The federal government has also committed to considering the impact of the sector on the Canadian economy. In the early months of 2018, the Senate created a Special Committee on Charitable Sector. The nine members of the committee have been given the mandate to "examine the impact of federal and provincial laws and policies governing charities, nonprofit organizations, foundations, and other similar groups; and to examine the impact of the voluntary sector in Canada."

Work on a Social Innovation and Social Finance Strategy for the Government of Canada is also underway through a steering group created in 2017. Steering group members have been asked to think about new and innovative approaches to solving the complex social problems faced by some groups, including Indigenous people, seniors, youth, immigrants, and women fleeing violence. The strategy, which will be co-created with Employment and Social Development Canada, is expected to guide the Government of Canada in providing better support for community organizations working to achieve positive solutions to persistent social problems, including those facing vulnerable populations.

59 Blumberg, Mark. “Senate appoints Special Committee on the Charitable Sector to look at laws and policies and impact.” February 1, 2018. https://www.globalphilanthropy.ca/blog/senate_appoints_special_committee_on_the_charitable_sector_to_look_at_laws