

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

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Recommendations

Recommendation 1: Invest in high-quality, secure employment in the not-for-profit and charity sector to further Canada's green transition

Recommendation 2: Include not-for-profit and charitable organizations in consultations on the green transition

Recommendation 3: Invest in in-depth policy consultations with grassroots experts and community-based organizations

Recommendation 4: Invest in capacity-building for organizations advancing the Sustainable Development Goals (SDGs) and 2030 Agenda

Recommendation 5: Consult Canada's 2030 Agenda for Sustainable Development priorities to ensure adequate investment in environmental sustainability

To the House of Commons Standing Committee on Finance,

For decades Canada's environmental charities and not-for-profit organizations (NPOs) acted to protect Canada's natural heritage, as well as the health and well-being of its people. Often overlooked, is the essential role of NPOs in Canada's economy, from sustaining the resources and ecosystem services that create wealth, to creating jobs that provide Canadians - especially women - with income and dignity.

A thriving nonprofit sector helps keep Canadians happy and healthy, and helps the government make efficient, effective use of taxpayer dollars. NPOs produce cost-effective social and environmental benefits through their employees' and volunteers' efforts. Over 12.7 million Canadians volunteered for NPOs in 2018, contributing almost two billion volunteer hours ¹.

Environmental NPOs have long been trusted advisors, working through local initiatives, helping the Government gain insight into community-level knowledge and concerns. They are key to Canada's 2030 Agenda and a green transition.

¹ Statistics Canada (2020), Volunteering in Canada: Challenges and opportunities during the COVID-19 pandemic <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00037-eng.htm>

This positive impact is possible only when NPOs have enough resources to hire and retain employees, carry out multi-year projects and maintain reasonable overhead expenses. It's possible only when they have a voice in policy-making, and when the regulatory regime allows them to do their work without facing unreasonable barriers.

Unfortunately, financial support for NPOs has shrunk over the past two decades. In addition, meaningful policy consultation has largely been replaced by online consultations that fail to make effective use of NPOs' expertise.

The Economic and Fiscal update emphasizes Canada's green transition of the global economy, yet fails to outline support to a sector that has long worked to advance a green transformation². This is a missed opportunity to tap into NPO expertise, local insights and initiatives that aim to further Canada's social, economic and environmental goals.

The Canadian Environmental Network (RCEN) represents environmental NPOs across Canada, having over 40 years of experience in working with the federal government to solve Canada's most pressing environmental challenges. Our members have expertise in the scientific, social, political and economic aspects of sustainability, as well as first-hand knowledge of communities across Canada.

Our sector has always been a valuable part of Canada's economy and civil society, and will continue to be, especially in crafting the green, equitable economic transition that Canadians want.

Recommendation 1: Invest in high-quality, secure employment in the not-for-profit and charity sector to further Canada's green transition

NPOs account for 8.3% of Canada's GDP and employ about 2.4 million Canadians³. Approximately 75-80% of workers in this sector are women⁴, making it a strategic focus for gender equality. This is particularly important in the post-COVID recovery, as women account for almost two-thirds of those who were absent from work due to the care of others.⁴

NPOs have the potential to be powerful engines for job creation in the short- and long-term, but only with much-needed reforms to the ways in which NPOs are funded.

Despite their importance, due to the difficulties in accessing stable, long-term employment

² Government of Canada (2021), Economic and Fiscal Update 2021.

<https://budget.gc.ca/efu-meb/2021/report-rapport/EFU-MEB-2021-EN.pdf>

³ Statistics Canada (2022), The Daily — Non-profit institutions and volunteering: Economic contribution, second quarter of 2021. <https://www150.statcan.gc.ca/n1/daily-quotidien/220117/dq220117c-eng.htm>

⁴ ONN (2019), Decent Work for Women Working in Non-Profits

<https://theonn.ca/our-work/our-people/decent-work/decent-work-for-women/f>; ONN (2018), Decent Work for Women Working in Ontario's Non-Profit Sector.

<http://theonn.ca/wp-content/uploads/2018/04/Decent-work-for-Women-Literature-Review-March-2018.pdf>
http://www.hrcouncil.ca/documents/LMI_gender_mix.pdf

funding many NPO jobs are precarious . Grant and contribution agreements are often short-term, restrictive, and impose heavy administrative burdens on both government and recipients.

Government funding is generally project-specific, with only small percentages of funding permitted to be allocated to administration. This means NPOs have difficulty setting aside funds to maintain the core operations that support and sustain projects.

The shortage of multi-year funding, the exclusion of legitimate financial and administrative costs, and the frequent insistence that funds be used for new staff or programming all limit NPOs' ability to carry out long-term strategies, retain experienced staff or continue valuable programs.

NPOs are often forced to hire and train short-term contract employees whose funding expires just as they develop familiarity and competence in their positions. NPO employees spend substantial time fundraising to cover their salaries, which reduces their time spent on projects and the public interest.

NPOs require flexibility and time to allow for innovation to further social causes. This cycle is a highly inefficient waste of time, money and talent, and it threatens the financial security of NPO employees.

The existing grant and contribution regime remains subject to Treasury Board criticism⁵. Now is the time to reform this regime to create quality jobs for Canadians. Investment in capacity-building and long-term job creation in NPOs will create high-quality jobs for Canadians, particularly for women, while helping strengthen civil society. Breaking the current NPO “starvation cycle” will generate greater social and environmental outcomes for Canadians.

We recommend that the federal government implement the following reforms:

- Require departments and agencies to cover the full administrative and staff costs associated with delivering the services funded in transfers to NPOs;
- Increase the value and quantity of wage subsidies and hiring grants that permit NPOs to retain or re-hire their employees; and
- Ensure that grant and contribution agreements cover a minimum of two years, renewable as appropriate.

Recommendation 2: Include not-for-profit and charitable organizations in consultations

⁵ Government of Canada (2017). Plan to Reform the Administration of Grant and Contribution Programs: 2017 Results Report.

https://www.canada.ca/en/treasury-board-secretariat/corporate/reports/second-assessment-reform-administration-grant-contribution-programs-2017-results-report.html?fbclid=IwAR1ChSE78qYFY3LUIRToTTYEA9EuTPE63bwH_yh_7mSAAEXY48FuA_Xzg4

on the green transition

NPOs promoted a green transition long before the Canadian government announced its commitment at the COP26 summit.

Canada's significant COP26 commitments include a strengthened Climate Plan, *Net Zero Emissions Accountability Act* and doubling the international climate finance for developing countries. However, NPOs committed to help Canada achieve these goals also experienced substantial losses due to COVID-19⁶.

Furthermore, existing stimulus measures were designed for other sectors or are ill suited to the actual needs of NPOs. In future, inviting NPO representatives to the table will improve program design, allow for more data-based and intersectional decision-making, and strengthen the relationship between NPOs and government policymakers.

We recommend that the federal government:

- Implement consultation policies that include regular, meaningful consultations with NPOs and
- Implement Imagine Canada's recommendation of establishing "a home in government for the sector."

Recommendation 3:

Environmental NPOs contribute invaluable expertise to Canadian governments and increase the quality of policy outcomes. For example, RCEN and its members have contributed to key laws and policies including the *Canadian Environmental Protection Act*, the *Fisheries Act* and the Chemicals Management Plan, and advised the Canadian Environmental Assessment Agency on the new *Environmental Assessment Act*, its regulations and implementation.

Community engagement is essential for research, planning, advocacy and implementation when it comes to cumulative environmental risks, because communities have unique knowledge about exposures experienced by residents⁷.

Nearly half of NPOs operate at a local level (neighborhoods, city, town or rural municipality) and 64% serve at least three marginalized populations; youths, persons with low income, visible minorities, persons with disabilities, Indigenous, seniors or LGBT12+ individuals⁸. harnessing existing NPO insights and relationships increases equity.

⁶ Statistics Canada (2020), Volunteering in Canada: Challenges and opportunities during the COVID-19 pandemic

<https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00037-eng.htm>

⁷ Environmental Justice (2015), Engaging Communities in Research on Cumulative Risk and Social Stress-Environment Interactions. <https://www.liebertpub.com/doi/10.1089/env.2015.0025>

⁸ Statistics Canada (2021). Diversity of charity and non-profit boards of directors: Overview of the Canadian non-profit sector. <https://www150.statcan.gc.ca/n1/daily-quotidien/210211/dq210211a-eng.htm>

The federal government recognizes the importance of a whole-of-society approach to the 2030 Agenda⁹. For this approach to be effective, small and medium-sized NPOs must have meaningful opportunities and resources to participate in meetings, consultation processes and program development.

While smaller organizations are easily overlooked, they offer unique expertise and community-level insights. Since 1977, RCEN has served as a bridge for consultation between the federal government and grassroots NPOs, and similarly stands ready to support the 2030 Agenda and green economic recovery.

Consulting with diverse environmental NPOs about policy initiatives helps prevent unintended and inequitable consequences. This will be crucial in creating a green transition. Like the 2030 Agenda, a sustainable economic transition requires a “whole-of-environment” approach. We applaud the federal government’s focus on climate change prevention and mitigation, with the reminder that every part of the environment intersects with climate and society. The green economic recovery must account for impacts on natural resources and ecosystems - all of which have profound impacts on Canadians’ livelihoods and well-being.

We recommend that the federal government:

- Review its public consultation processes to ensure meaningful consultation with grassroots experts and community-based organizations;
- Establish selection criteria that ensure representation from NPOs of all sizes, and diverse perspectives on intersecting environmental and social issues; and
- Ensure that sufficient funding is available and accessible to enable NPOs to participate fully in consultations.

Recommendation 4: Invest in capacity-building for organizations advancing the Sustainable Development Goals (SDGs) and 2030 Agenda

Canadians want a sustainable economic recovery that sets us on track for a low-carbon economy, well-designed communities, clean water and healthy ecosystems. NPOs provide essential services in promoting and creating the conditions for these outcomes, but are increasingly under-resourced for the task. They face growing administrative and financial burdens, while core and government funding has dropped¹⁰.

This presents obvious challenges to Canada’s progress towards the 2030 Agenda. Where commitment to the SDGs has been matched by resources and effort, Canada has made great strides – for example, in designating Marine Protected Areas. However, in other areas, significant data and indicators for measuring progress on the SDGs still have not been

⁹ Government of Canada (2019), Towards Canada’s 2030 Agenda National Strategy. <https://www.canada.ca/en/employment-social-development/programs/agenda-2030/national-strategy.htm>

¹⁰ Wellesley Institute (2009), Canada’s non-profit maze: A scan of legislation and regulation impacting revenue generation in the non-profit sector. <http://www.wellesleyinstitute.com/wp-content/uploads/2011/11/Canada%27s%20Non-Profit%20Maze%20report.pdf>

developed¹¹. Several targets in the 2016-2019 Federal Sustainable Development Strategy were reported in 2018 as “Attention Required” indicating Canada struggled to achieve them¹². The problem is not lack of civil society engagement or of organizations ready and willing to assist: in the 2019-2020 Funding Program Grant process, qualified applications outpaced available funds¹³.

With adequate financial and capacity-building support, NPOs can be the federal government’s greatest ally in the achievement of the 2030 Agenda. We therefore recommend that the federal government:

- Increase the funds available through ESDC’s SDG Unit; and
- Invest in capacity-building and core funding for NPOs that are advancing the SDGs and the 2030 Agenda.

Recommendation 5: Review Canada’s 2030 Agenda for Sustainable Development priorities to ensure adequate investment in environmental sustainability

Human prosperity is inseparable from protecting the planet. Economic, social and environmental targets are intertwined in the SDG framework, forming an ‘indivisible whole’¹⁴.

Human-environment linkages are central to sustainable development¹⁵ and the environment is recognized as fundamental to many or all of the SDGs¹⁶. Therefore, there is a pressing need to enhance environmental protection in order to achieve the SDGs.

During public consultations on the draft 2019-2022 Federal Sustainable Development Strategy,¹⁷ Canadians emphasized the need for balance between economic growth and environmental protection. Priorities included climate change, clean energy, sustainable agriculture, reconciliation with Indigenous peoples, sustainable urban planning and ecosystem protection. Given the slow progress on the SDGs so far, there is an urgent need for projects

¹¹ Stats Canada, Sustainable Development Goals Data Hub.

<https://www144.statcan.gc.ca/sdg-odd/index-eng.htm>

¹² Government of Canada (2018), Scorecard: Progress toward Our Targets. <http://www.fsds.sfd.ca/index.html#/en/progress-report>

¹³ RCEN and some of its highly-qualified members submitted proposals, but ESDC had insufficient funding to support the projects.

¹⁴ Nilsson M, Griggs D, Visbeck M (2016), Map the interactions between sustainable development goals. <https://www.nature.com/news/policy-map-the-interactions-between-sustainable-development-goals-1.20075>

¹⁵ Diaz et. al. (2015), The IPBES Conceptual Framework — connecting nature and people <https://www.sciencedirect.com/science/article/pii/S187734351400116X?via%3Dihub>

¹⁶ UNEP (2015), Policy coherence of the sustainable development goals: a natural resource perspective. https://www.resourcepanel.org/sites/default/files/documents/document/media/policy_coherenceofthe_sustainable_developmentgoals.pdf

¹⁷ Achieving a sustainable future, draft federal sustainable development strategy for Canada 2019 to 2022. <https://www.canada.ca/en/environment-climate-change/services/sustainable-development/consultations-draft-federal-strategy-2019-2022/what-we-heard.html>

that couple environmental and social SDGs for more efficient, holistic results.

We recommend that the federal government:

- Develop faster, more transparent timelines and mechanisms for achieving the environmental SDGs; and
- Strengthen financial support for NPOs that help Canadian communities, especially the most vulnerable, adapt to unavoidable climate change and other environmental impacts.

Sincerely,

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