



Philanthropic Foundations Canada
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**Consultation: “Toward Greater Recognition
and Support of Community Action”**

**Brief submitted by Philanthropic
Foundations Canada (PFC) to the Ministère
du Travail, de l’Emploi et de la Solidarité
sociale as part of consultations
for a new government action plan
on community action**

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About Philanthropic Foundations Canada

[Philanthropic Foundations Canada \(PFC\)](http://www.pfc.ca)¹ is an association of Canadian grantmakers, including private and public foundations,² charities and corporations, that seeks to promote the growth and development of effective and responsible foundations that contribute to the public good. Established in 2002, PFC comprises some 150 members, 46% of which rank among the 50 largest foundations in Canada.

Besides creating a space for members to forge and maintain connections, work together on common strategies and discuss means for optimizing use of resources for greater impact, PFC provides guidance to its members on a range of subjects relevant to foundations, with an eye to fostering good grantmaking and governance practices.

Lastly, PFC acts as a spokesperson on legislative and regulatory matters that affect foundations, and works to encourage adoption of public policies that support philanthropic action.

Background to the consultation and call to foundations to participate

The Government of Québec has launched a consultation process to gather proposals and comments from foundations in preparation for a renewed government action plan on community action. In February 2019, the Minister of Labour, Employment and Social Solidarity announced plans for Québec to adopt a government action plan on the recognition and support of community action (known by its French acronym, PAGAC). The plan is part of the ongoing implementation of the government policy *Community Action: A Crucial Contribution to the Exercise of Citizenship and the Social Development of Québec*, adopted in 2001.

¹ www.pfc.ca

² Private foundations – Half or more of the directors do not deal with each other at arm's length and/or 50% or more of the funding comes from a person or group of persons that control the charity in some way.
Public foundations – A majority of the directors deal with each other at arm's length and the majority of the funding typically comes from arm's length supporters. Public foundations are distinct from operating charities in that they must spend the equivalent of more than half of their annual income on gifts to qualified donees.

In so doing, the government has affirmed its commitment to providing greater recognition and support to community organizations. The most recent action plan under the government policy dates to 2004 and its term was for four years. The renewed action plan currently being formulated is thus eagerly awaited by those organizations.

Foundations are asked to speak out on issues to be considered in ensuring the provision of greater recognition and support of community action, so as to foster consolidation, development, promotion, and valuing of community action.

PFC, in its capacity as an association of private and public foundations, charities and corporate donors—25% of which are based in Québec—welcomes the government's call to foundations to contribute to this consultation, which is based on collaboration and partner engagement.

PFC is pleased to respond favourably to this call on behalf of its member foundations, while acknowledging that it is not the sole voice of the philanthropic sector in Québec.

PFC supports the brief submitted by the Collectif des fondations québécoises and all of the recommendations contained therein (see Page 7).

Compared with the rest of Canada, Québec ranks second, after Ontario, for the total value of gifts by philanthropic foundations (16% in 2015).

Consolidating, developing, promoting, and valuing community action

PFC wishes to draw the Government of Québec's attention to the process under way to reform the federal legislation governing charities in Canada, and its direct consequences on any efforts conducted in favour of consolidation and development of community action in Québec, especially for charities registered with the Canada Revenue Agency.

The June 2019 report of the Special Senate Committee on the Charitable Sector, titled *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*,³ contains some 40 recommendations.

³ https://sencanada.ca/content/sen/committee/421/CSSB/Reports/CSSB_Report_Final_e.pdf

That report identifies three main sources of funding in the charitable and non-profit sector:

- Government funding;
- Donations, from philanthropy, among other sources; and
- Income earned by the organization pursuant to the law.

Considering that innovative approaches are needed to ensure the viability of these sources of funding in the future, the Senate Committee recommends an extensive range of measures designed to ensure availability of strong and stable funding for the sector. Those recommended measures include pilot projects to encourage donations of private shares and to give charities more freedom to organize revenue-generating activities. The Committee also recommends exploring ways of ensuring that donations do not languish in donor-advised funds and are used instead to fund charitable endeavours in a timely manner. The committee also recommends measures to guarantee provision of predictable and sustainable grants and contributions agreements.

Lastly, the Senate Committee recommends revising charity rules and guidance policies so that charities are given greater freedom to work with partner organizations, and at the same time ensure that charitable donations are spent on charitable purposes.

We urge the Government of Québec to raise with its federal counterparts the importance of following up on the recommendations of the Senate Committee report. Many of them would result in improvements to the quality and flexibility of support for foundations in helping to provide better support and guidance to community groups.

Complementary nature of support provided by foundations to community organizations

Philanthropic foundations, as the report recognizes, provide support to diverse and varied types of community action. Besides funding specific projects run by particular community groups, philanthropic foundations can support community organizations in other, non-financial ways, including:

Capacity-building for community organizations

1. At the organizational level: through support in the areas of management, strategic planning, financial planning/accounting, development of tracking/assessment frameworks, employee training;
2. By drawing on their own networks as leverage in the service of community organizations through facilitation of partnerships, collaborations, placing in contact with researchers/experts, etc., all on a pro bono basis;

Knowledge mobilization and sharing

3. By mobilizing knowledge, supporting a community organization's efforts in researching best practices, supporting organization of talks, seminars, meetings with key players, etc.;

Communication and awareness

4. In communications/marketing/promotion.

PFC commends the Government of Québec for its consideration of these various types of support and emphasizes the importance of independence of action by philanthropic foundations in Québec, notably as regards support for social innovation. The role of philanthropic foundations is not to replace government, nor to bridge structural gaps. Philanthropic foundations have neither the mandate nor the resources for either. They can, however, act as sources of social venture capital and provide support and guidance to community organizations on learning, development and innovation initiatives that fit with their concrete realities and needs.

Conclusion

Philanthropic Foundations Canada welcomes the government's efforts to encourage mobilization and ambitious collaboration of all the partners involved in renewing the policy on recognition and support of community action.

PFC also welcomes the invitation issued to foundations to take part in this process of such importance to the future of community action in Québec, and urges the government to continue on the same course and include philanthropic foundations in future conversations about this very important subject.

Recommendations of the *Collectif des fondations québécoises* supported by Philanthropic Foundations Canada

1. That the Government of Québec acknowledge and value the role and distinct contribution of foundations in all their forms.
2. That the Government of Québec convene a meeting of community-action representative bodies, groups of stakeholders from the philanthropic community and government representatives, so as to establish mechanisms for dialogue, with an eye to better identifying opportunities for collaboration between the various partners and to optimizing their respective contributions.
3. That the Government of Québec reassert that predominance of its funding of community action in support of organizations' missions is a priority.
 - a. That this prioritization be accompanied by substantial increases in the amounts earmarked for funding of those missions, consistent with the needs calculations established by the groups in contact with the government;
 - b. That the government ensure the periodic indexation of this funding for operating costs;
 - c. That the government commit to redressing the disparities in funding across sectors and territories by introducing national funding benchmarks.
4. That the Government of Québec plan for mechanisms allowing for continuous accommodation of organizations awaiting initial funding, based on transparent criteria.
5. That, pursuant to its recognition of foundations' independence of management, the Government of Québec undertake to prohibit any approach that seeks to link publicly funded support to a support objective of the philanthropy community, by banning rules that prescribe percentage and provenance of non-government sources of funding.
6. That the government, in collaboration with the RQ-ACA, update the regional profiles every three years based on analysis frameworks that highlight trends in issues of social concern.
7. That the government establish a program to support the purchase, upkeep and renovation of buildings with community purposes.

8. That the government reassert its commitment to the orientations and principles of the policy, and in so doing reassert its acknowledgement of the specific characteristics of independent community action, including the public education and collective rights advocacy approaches as well as their contributions to advancing the public good.
9. That the government fully acknowledge the expertise of community organizations by seeking and promoting their full participation in the appropriate venues for public policy consultation and co-construction.
10. That the government exclude all community action and independent community action organizations, including collective rights advocacy groups and organizations, from the *Lobbying Transparency and Ethics Act*.
11. That the government make its community action recognition policy prescriptive, such that it is enforced within all government ministries and organizations as well as in municipalities.
12. That the MTESS begin work with the RQ-ACA to update the action plan framework, as part of cross-cutting application of the government policy *Community Action: A Crucial Contribution to the Exercise of Citizenship and the Social Development of Québec*.

Signed:



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