



Fast

# FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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## Charitable organizations vital for economic and social health

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Often referred to as the 'third sector' (along with business and government), charitable organizations play a key role in keeping the Manitoba economy strong. They do so by hiring locally, often from the communities they serve; and by allowing individuals with barriers to employment enter and remain in the workforce. Despite their proven value and the fact that Canada is experiencing Great Depression levels of unemployment, the Pallister government announced mid-April that it is looking to claw-back or cancel funding to service providers it doesn't deem as essential.

The rationale offered is that the cuts which threatens economic well-being on an entire sector, is that they are necessary in order to pay for essential health-care. This ignores the fact that the COVID-19 pandemic is both a health and an economic crisis and one can't be addressed independently of the other. Ignore the financial impact, and you have individuals with COVID symptoms continuing to work because they can't afford not to; ignore the health impact and you risk having businesses re-open before it is safe to do

so. Any 'strategy' that focuses on one but not the other is robbing Peter to pay Paul and will only allow the virus to spread further, while unemployment and business failures increase.

Rick Frost, Chief Executive Officer of the Winnipeg Foundation observed in the Free Press recently that over 80% of Winnipeg's registered charities operate in the social service sector (55%) or the health sector (28%). Which calls into question how any funding to groups engaged in building a healthier Manitoba can be seen as 'non-essential' at this critical time.

Furthermore, when considering the state of the economy defunding non-profits make even less sense. Not only are these agencies and organizations good financial stewards they rely heavily on volunteers and in-kind donations in ways government and private business cannot. As well, the private sector has now been devastated, especially small businesses and the Province is going back on an earlier commitment to maintain public services at current levels. With two of the three engines that drive the economy sputtering, cutting funding to non-profits now runs the risk of doing

there is an alternative.

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permanent financial damage at a time when all hands are needed on deck in the fight to keep our economy afloat.

With interest rates at an all time low the amount of money foundations has available to grant is immediately reduced. As well, record levels of unemployment will severely hamper fundraising by both non-profits and organizations like United Way of Winnipeg which is a major funder of the social service sector. Even if provincial funding is left at the previously committed levels additional funding is essential to keeping in place the services the non-profit sector provides.

The Federal government announced last week that it would create an Emergency Stabilization Fund for struggling non-profits, but the monies committed are only a small part of what is needed. To date Manitoba has relied heavily on federal programs to support our small businesses and non-profits but with nine other provinces, four of which are facing massive levels of COVID infection, federal funding can't go far enough. Manitoba must bring its own cheque book to the table in order to keep vulnerable sectors viable.

For its part most non-profit organizations working in social services and health have already begun talking directly to the communities they serve about the threats the pandemic poses to their future, from both a health and a financial perspective. But given the apparent unwillingness of the government to listen or take advice from others the sector has a challenge in terms of making itself heard. For this to happen charitable organizations must network up as well as out. 'Networking up' means finding common cause at a wider level with other non-profits.

'Networking out' is the process of bringing Winnipeg agencies together with non-profits in the rural and northern parts of the Province. Broader, pan-issue networks, focused on preserving the charitable sector in Manitoba as a whole bring the most voices into play, which those in power cannot afford to ignore.

The charitable sector is more accustomed to raising the concerns of others. At this time, we need to raise our own concerns in order to continue to play an on-going and vital role in contributing to Manitoba's economic and social health.

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