



## The Manitoba Voluntary Sector Initiative at the Secretariat on Voluntary Sector Sustainability

### **BRIEFING NOTE**

**SUBJECT:** *The Nature and Scope of the Voluntary Sector of Manitoba*

**Date:** March 3, 2000

#### **BACKGROUND**

##### **The Voluntary Sector, Defined**

The “**Voluntary Sector**” of Manitoba – the subject of all the inquiries, and the intended recipient of all the activities, of this Secretariat and its partners – encompasses a diverse range of organizations, agencies, and associations which share several key characteristics:

- they are ‘**Non-profit**’: their activities are generally motivated by social, cultural, or compassionate reasons, and if they do generate any revenues or fees, their proceeds do not benefit any private shareholder or individual (apart from actual employees).
- although voluntary organizations often have important linkages with both the business and government sectors, they are **Independent** and **Autonomous** from both: they are not market-driven; they answer to their community as a whole rather than to shareholders; they operate at arm’s length from government, and can criticize or lobby it, and can form more flexible services to meet their clients’ changing needs; and their general purpose is to fill the gaps left by the other two sectors – to do the things business and government are not doing well, often enough, or at all.
- the **Voluntary** labour and other contributions by their supporters are also a vital component of their make-up. Some voluntary groups are entirely ‘staffed’ and run by volunteers, and may not be formally incorporated, and those which are registered with provincial or federal authorities are all governed by unpaid Boards of Directors which act on behalf of the community or the organization’s clients or members rather than for personal benefit. Many voluntary organizations also rely upon volunteers to assist in their fundraising efforts, support their operations, and deliver their services.

There are several broad types of voluntary organizations, depending upon their primary activities and goals. These include (but are not limited to):

- Arts and Culture (galleries, museums, orchestras, theatre groups, etc.);
- Educational and Advocacy groups, which include Universities; Literacy or ESL (English as a Second Language) programs; Consumer Groups; Environmental and Social Justice groups; Health-related educational, fund-raising, and research supporting agencies (such as the Kidney Foundation); groups wanting to change public perceptions or laws about certain issues or types of behaviour (e.g., Mothers Against Drunk Driving).
- Health agencies: including both large, multi-purpose organizations, such as Hospitals; and smaller, more targeted ones (for AIDS or mental health services, e.g.)
- Membership-based societies such as trade associations, professional associations, unions, and even political parties.
- Religious Organizations (including churches, synagogues, missionary efforts, and some forms of international relief).

- Social Service agencies: including Community Service agencies (to assist the elderly, the handicapped, the mentally ill, disadvantaged youth, the homeless and indigent; victims of domestic abuse, or other people in distress, with a variety of goods, services, training, or other forms of community development); and Emergency Services (volunteer fire brigades, or search and rescue teams).
- Sports and Recreational Organizations (hockey, soccer, square dancing, etc.)

The **Charitable Sector** is an important subset (approximately half) of the voluntary sector. It is comprised by organizations which are:

- i) legally incorporated non-profits, with a formal constitution in place, and an independent, unpaid, board of directors or trustees, at least 50% of whom are unrelated to and deal with each other at "arm's length"; and
- ii) officially registered with the Canada Customs and Revenue Agency (CCRA), which requires that they have a mission statement establishing their purposes for either the relief of poverty, the advancement of religion, education, or some other benefit to the community as a whole which the law regards as charitable; that they expend a certain portion of their revenues directly on those charitable purposes; and that they submit annual tax returns.

Charitable organizations are exempt from paying income taxes on their revenues; they can issue tax-deductible charitable receipts to donors; and they are entitled to be reimbursed for their GST payments for the goods and services they pay for.

### **The Nature and Scope of Manitoba's Voluntary Sector**

Although the precise numbers are difficult to come by, there are now approximately 7,500 voluntary organizations in Manitoba, altogether. It is estimated that their combined revenues are about \$4.5-billion annually. Very little is known about the total scope or extent of their programs or services, revenues, or human resources, however, since many voluntary organizations do not file annual tax returns (many are not obligated to), or notify the provincial authorities when they have disbanded.

Of these 7,500 voluntary organizations, approximately 4,500 are registered charities. Here is what is known about them (see chart on page 4):

- There are far more charities per capita in Manitoba – 3.81 per 1,000 population – than the national norm (2.43 / 1,000). Over one third (36%) are Places of Worship.
- The combined revenues of all these Manitoba charities are nearly \$3.4-billion annually. Nearly 25% of them are concentrated in hospitals; 20%, in other health agencies; and 16% in teaching institutions. Only 17% flow through social service and community benefit organizations.
- The principal sources of these revenues are: 55% coming from government fees and payments; 26% from earned income; and 18% from private donations. Social service organizations derive 67% of their revenues from government sources. Corporate donations only comprise an estimated 1.4% of charities' revenues, nationally.
- As many as 81% of all Manitobans over age-15 make *some* contribution to charity, and 29.6% of Manitobans – the largest proportion of any province – reported charitable deductions of sufficient magnitude (>\$200) to qualify on their personal income tax returns in 1997. Their average donation was \$308 per year; and the median, \$210, for a total of just over \$200-million, annually. But close to half (47%) of the total donations (nationally) actually come from **just 5% of the donors: those who gave \$915 or more.**
- The five main types of beneficiaries of these individual donations at the national level (the comparable provincial figures are not yet available) are as follows: Religious organizations received 51% of all the money donated by individuals; health organizations, 17%; social services, 11%; philanthropy and voluntarism (e.g., the United Way), 6%; education and research, 4%.
- At the national level, registered charities employ about 9% of the entire labour force; but most of these are these employees are concentrated in hospitals (35%) and teaching institutions (21%). Sixty percent of charities report fewer than two paid staff members. Overall, three

times as many people volunteer their services to charitable organizations as are employed by them.

- Forty per cent of Manitobans 15 years of age and older – the second *highest* provincial rate, after Saskatchewan (47%) – also volunteer their time and skill, for an average of 130 hours per year, per volunteer (the second *lowest* average, after PEI's 127; BC's was 169), and a total of 44,763 million hours of volunteer labour.
- Nationally, most volunteer hours go to social service organizations (21%); recreation and social clubs (17%); religious organizations (18%); health organizations (10%); and sports organizations (11%).
- Most volunteering comes from the few: nationally, 72% of all volunteer hours came from 25% of the volunteers (32% from the five percent of volunteers who gave 548 hours or more of their time, and 40% from the 20% who gave between 177 and 547 hours per year).

### **IMPLICATIONS**

- It is quite difficult to define the voluntary sector and its elements in a way, which meets the needs of governments, donors, businesses and the voluntary sector, itself.
- It may be useful to address this definition by identifying the elements by the nature of the charity definition, the direct linkage and funding of the organization type linked to public policy and the nature of the sustainability issues faced.
- Much of the financial and volunteer support of the voluntary sector s comes from relatively few individuals, which is a risk factor for the sustainability of these organizations

Attachment: Number, Distribution, Total Revenues, and Main Source of Revenues of Manitoba Charities, 1994

Type of charity	Distribution		Total Revenues		Source of Revenues (%)		
	Number	%	Total Annual Revenues	Proportion (%)	Government Sources	Earned Income	Private Giving
Arts and Culture	190	5	56,451,000	1.7	34	51	15
Community Benefit	244	6	71,910,000	2.1	41	21	37
Education	187	5	16,685,000	0.5	40	33	27
Health	170	5	679,384,000	20.1	83	8	9
Hospitals	84	2	821,992,000	24.3	53	45	5
Libraries & Museums	125	3	30,156,000	0.9	58	28	14
Places of Worship	1,469	36	266,824,000	8.0	2	15	83
Private Foundations	183	4	96,025,000	2.9	13	23	63
Public Foundations	202	5	131,566,000	3.9	27	28	45
Recreation	257	6	36,716,000	1.1	19	63	18
Religion	200	5	101,349,000	3.0	6	36	57
Social Services	581	14	525,783,000	15.6	67	21	13
Teaching Institutions	194	5	535,648,000	15.9	69	27	5
Other	27	1	3,230,000	0.1	0	60	40
<b>Total</b>	<b>4,114</b>	<b>100</b>	<b>\$3,380,971,000</b>	<b>100</b>	<b>55</b>	<b>27</b>	<b>18</b>

Source; Canadian Centre for Philanthropy