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# Chapter 3:

## **WHY NONPROFITS MATTER: THREE MAJOR CONTRIBUTIONS OF THE NONPROFIT SECTOR**

Nonprofits have a profound impact in Alberta and it is important that organizations talk about the value of the sector as a whole — but it can be challenging to communicate the greater value of the sector to government. To help articulate this, we've highlighted three major contributions of the nonprofit sector that demonstrate its collective impact on society and the economy.

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## 1. Nonprofits Contribute to Our Social and Cultural Fabric

Nonprofits play a vital role in society, providing key services for Albertans. Their work touches on social and cultural issues and values that are otherwise underserved. Nonprofits have been historically formed to fill a gap in services not provided by government or private businesses. For example, in the 1990s, the Government of Alberta outsourced the delivery of essential services to nonprofits to reduce the cost of government services. This government outsourcing led to the formation of many nonprofits within Alberta to provide essential services and support for citizens.

Nonprofits are incredibly diverse and enrich Alberta's social and cultural experience through a variety of subsectors, including: arts and culture, sports and recreation, religion, social services, development and housing, environment, education and research, health, and advocacy among others. Unique in their direct work with community groups, nonprofits serve diverse populations, geographical locations, harness insights, and deliver solutions to complex societal challenges. With thousands of organizations providing much-needed services, nonprofits are significant contributors to the communities they serve, and the social and cultural makeup of our province.

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## 2. Nonprofits are Cornerstones of a Thriving Economy

Nonprofits play a critical role within our economy. Canada's nonprofit and charitable sector is the second largest in the world, employing over two million people. There are more than 170,000 nonprofit organizations in Canada that represent 10.5% of the labour force and contribute to 8.5% of Canada's GDP.<sup>6</sup>

In Alberta, the nonprofit sector is equally important to the economy and creation of jobs. Its impact has grown substantially in the last decade and will continue to contribute to the economic wellbeing of the province.

**In Alberta, the sector is comprised of:**

- More than 26,000 nonprofits in Alberta<sup>7</sup>
- Nearly \$10 billion of the province's GDP<sup>8</sup>
- 450,000 nonprofit employees<sup>9</sup>
- 262 million annual volunteer hours<sup>10</sup>

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## 3. Nonprofits are Crucial to Democratic Participation

Nonprofits play a vital role in democratic participation by bringing the voice of the communities they represent to public discourse. They work to increase awareness and understanding of issues by addressing policies, laws, and regulations relevant to their cause or the communities they serve and are well positioned to hold governments and decision-makers accountable. Political candidates and parties seek out open dialogue with nonprofits in efforts to better understand and respond to their constituents' needs. This provides a platform for nonprofits to engage in advocacy relevant to their cause.

Despite the importance of democratic participation, nonprofits and charities have a longstanding hesitation towards policy advocacy, with some organizations even distancing themselves entirely to avoid risking their charitable status. Recent changes (see chapter 4) have been made in legislation to address these concerns and encourage nonprofit participation in public policy advocacy.

All nonprofits — including charities — have an important role in advocating for good public policy. This participation becomes even more important in advance of an election and in times of crisis.

# Alberta's Nonprofit Sector



**≈ \$5.5 Billion**  
in GDP contributions  
to Alberta's economy <sup>i</sup>



**262 Million**  
annual volunteer hours <sup>ii</sup>



**46%** of nonprofit  
revenue is earned income <sup>iii</sup>  
*(national figure)*



**450,000**  
nonprofit employees <sup>iii</sup>  
*(211,500 full-time and 238,500 part-time)*

#### Sources

<sup>i</sup> Profiling Volunteerism: An Alberta Nonprofit/Voluntary Sector Initiative Discussion Paper of the Value and Contribution of Alberta Volunteers (2020)

<sup>ii</sup> Statistics Canada General Social Survey on Giving, Volunteering and Participating (2013)

<sup>iii</sup> ANVSI: Profiling the Nonprofit and Voluntary Sector in Alberta (2018)

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## 26,000+

nonprofits across  
Alberta represent several  
subsectors, including:

