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July 31, 2019

Dear Mr. Johnson,

We are writing to provide a recommendation from the nonprofit and charitable sector on the National Occupational Classification (NOC) as you undertake an update of the 2016 NOC system for today's labour market. As the standard framework for 30,000 occupational titles organized within 500 unit groups (by skill level and type), the NOC is an important foundation for labour market information (LMI) in Canada. The NOC and the North American Industry Classification System (NAICS) together are the building blocks for critical LMI data, enabling coordinated workforce planning and industry development.

We are pleased that the Government of Canada will also be consulting on the North American Industry Classification System (NAICS) later this year. We will provide comments when that consultation is underway. Our recommendation at this time is that you hold a specific consultation session with nonprofits and charities on how the entire NOC/NAICS framework can more effectively work for our sector.

Our organizations represent the interests of thousands of nonprofits across the country. From the nonprofit sector's perspective, the NOC/NAICS framework has a major gap: it is unable to identify and isolate our sector's employment characteristics. Canada's 167,000 charities and nonprofits employ more than two million people in communities across the country and contribute more than 8% to the national GDP. That is more than both the automotive and retail sectors. We cannot imagine a scenario in which important decisions about any other sector are taken in the absence of comprehensive and up-to-date data. It is essential to have LMI for charities and nonprofits, especially given our sector's role in tackling Canada's greatest economic, social, and environmental challenges. Yet the NOC/NAICS framework offers no way of identifying nonprofit sector occupations, industrial activity, or trends.

As Statistics Canada's recent data release on the nonprofit sector suggests, there may well be three parallel labour forces in Canada -- private, public, and nonprofit.<sup>1</sup> While average compensation for the entire economy was approximately \$59,800 in 2017, broader public sector workers<sup>2</sup> were paid \$63,000 while workers at community- governed non-profits earned \$42,500, on average. Without being able to identify nonprofit work and workplaces in the NOC/NAICS system, we have no evidence to demonstrate the extent to which this income gap reflects a skills differential or an industry challenge related to the undervaluing of nonprofit work. Needless to say, this income gap reflects the challenge that many nonprofits face in offering decent work to their employees -- a challenge that makes it more difficult for our sector to recruit and retain top talent.

There are concerns that important distinctions between work in the nonprofit sector and other sectors are not reflected in the data currently available. As a foundational report on Canadian nonprofit LMI explains, "the NOC system classifies employment into a four-digit code based on similar tasks. For example, employees who 'administer and implement a variety of social assistance programs and community services, and deal with personal and social programs' are classified as NOC 4212. . . . [However] NOC 4212 also includes workers employed by government. Given the unique composition of the non-profit sector in Canada, research is needed on whether the NOC codes accurately reflect the human resources of this sector."<sup>3</sup>

Partly as a result of the gap in the NOC/NAICS framework, there is no comprehensive LMI available on nonprofits in Canada. A comprehensive study of our sector's labour force has not been conducted in over a decade.<sup>4</sup> The lack of employment data for our sector has been noted by (among others) the Special Senate Committee on the Charitable Sector,<sup>5</sup> as well as Imagine Canada's Data Working Group,<sup>6</sup> the Manitoba Federation of Non-Profit

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<sup>1</sup> A composite study of the sector was released by Statistics Canada in March 2019, drawing on "data extracted from administrative files and derived from other Statistics Canada surveys and/or other sources." Statistics Canada. "Non-profit institutions and volunteering: Economic contribution, 2007 to 2017." <https://www150.statcan.gc.ca/n1/daily-quotidien/190305/dq190305a-eng.htm>

<sup>2</sup> The Satellite Account calls the broader public sector "the government non-profit sector."

<sup>3</sup> HR Council for the Nonprofit Sector. "Developing labour market information for the nonprofit sector: Final report." March 2011. [http://www.hrcouncil.ca/documents/developing\\_LMI.pdf](http://www.hrcouncil.ca/documents/developing_LMI.pdf)

<sup>4</sup> Statistics Canada. "Non-profit institutions and volunteering." Cited above.

<sup>5</sup> See the Special Senate Committee on the Charitable Sector's report, entitled "Catalyst for Change: A Roadmap to a Stronger Charitable Sector" and released in June 2019. Recommendation 16 reads: "That the Government of Canada prioritize data about the charitable and non-profit sector in all Statistics Canada economic surveys, . . . and that the Government of Canada support collaboration between Statistics Canada and the charitable and non-profit sector to determine what additional data could be collected and disseminated in a timely and consistent manner to support the evidence base for decisions by organizations in the sector." <https://sencanada.ca/en/info-page/parl-42-1/cssb-catalyst-for-change/>

<sup>6</sup> Jason Goertzen. "Getting to know Canada's nonprofit sector: why we need better data." Blog post. August 28, 2017. Imagine Canada blog.

<http://www.imaginecanada.ca/blog/getting-know-canadas-nonprofit-sector-why-we-need-better-data>

Organizations,<sup>7</sup> and the Ontario Nonprofit Network's Pensions Task Force.<sup>8</sup> Dating back to 2011, the (now-defunct) HR Council for the Nonprofit Sector noted that "industrial and occupational classifications used in labour statistics make it difficult to isolate nonprofit workers and employers."<sup>9</sup> The *Chantier de l'économie sociale* in Quebec has been successful in getting framework legislation<sup>10</sup> requiring the Government of Quebec to incorporate nonprofit enterprises into its measurement frameworks, but no requirement currently exists at the federal level. Because the NOC/NAICS framework does not serve our sector's workforce planning needs, many of these intermediary organizations have undertaken their own LMI studies, without the benefit of standardization that the NOC/NAICS provides.

The update to the NOC and NAICS, therefore, offers an important opportunity to lay the groundwork for the development of useful and consistent data on the nonprofit sector's labour force in Canada. We would welcome the opportunity to work with you on how best to ensure that nonprofits in Canada have crucial LMI for coordinated workforce planning, as is done in other sectors of the economy. This data is critical to ensure that nonprofits and charities can recruit and retain talent, that young workers can make informed decisions about their training and career paths, and that the sector can collectively solve challenges related to leadership development, succession planning, and labour market conditions. The work of the nonprofit sector supports communities across Canada to thrive.

Thank you for taking into account our recommendation to consult the nonprofit sector on how the updates to the NOC/NAICS system can facilitate our workforce development and industry planning. We look forward to hearing from you.

Sincerely,  
(submitted electronically on behalf of the following)

Penelope Rowe, CEO  
Community Sector Council Newfoundland and Labrador

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<sup>7</sup> Karine Levasseur and Andrea Rounce. *Analysis of Labour Market Surveys of Non-Profit Organizations, 2017 and 2018*. Manitoba Federation of Non-Profit Organizations. November 30, 2018. p. 6.

<sup>8</sup> Ontario Nonprofit Network (ONN). *Roadmap for a Nonprofit Sector Pension Plan. Technical Report, 2017*. "Foundational data on the Canadian nonprofit sector should be developed by creating nonprofit categories in Statistics Canada surveys, such as by incorporating nonprofit status into the National Occupational Classification (NOC), the North American Industry Classification System (NAICS), and labour force surveys. This practice is common in other industrialized countries and would, if implemented in Canada, provide the foundation for much higher quality research on the sector's labour force." <https://theonon.ca/wp-content/uploads/2017/03/ONNPensionRoadmap.TechnicalReport.pdf> p. 52.

<sup>9</sup> HR Council. "Developing labour market information for the nonprofit sector." Final report. March 2011. [http://www.hrcouncil.ca/documents/developing\\_LMI.pdf](http://www.hrcouncil.ca/documents/developing_LMI.pdf)

<sup>10</sup> Government of Quebec. "Social Economy Act." 2013. <http://legisquebec.gouv.qc.ca/en/ShowDoc/cs/E-1.1.1>

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