

IMPLICATIONS OF ARTIFICIAL INTELLIGENCE TECHNOLOGIES FOR THE CANADIAN LABOUR FORCE

Submission to the Standing Committee on Human Resources, Skills and Social
Development and the Status of Persons with Disabilities

November 22, 2023

On October 31, 2023, the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) began its study on the implications of artificial intelligence (AI) technologies for the Canadian labour force and the impacts these technologies may have on different regions, organized labour, workforce sectors, and on people of diverse age groups, genders, income levels, races and on persons with disabilities. This submission will contribute the perspective of the nonprofit and charitable sector to this important study.

Canada's charitable sector contributes \$192 billion in economic activity annually, representing 8.3% of our GDP. We employ 2.5 million people annually, with one in ten Canadians working for a charity or nonprofit. Our workforce is 77% women, 47% newcomers and 35% Indigenous and racialized people. Since the start of the pandemic, our sector has faced an unabated increase in demand for services from charities and nonprofit organizations. The current affordability crisis is straining donations and generating new and increased demand for services.¹ The costs of operating are currently high: inflation is affecting program supply costs; insurance is currently more expensive to obtain or less available; and organizations are competing for talent acquisition and retention. Research published by Imagine Canada reveals that our sector's labour force is aging.² Sustainable labour force planning requires organizations to attract workers from younger generations, who have been trained to use AI.

The nonprofit sector welcomes the study on the implications of AI technologies for the Canadian labour force. Since the onset of the COVID-19 pandemic, the nonprofit sector has been forced to accelerate its adoption of digital technologies. Due to underfunding and restrictive practices from funders including the federal government, many organizations have underinvested in technology over a period of years. These organizations have now been pushed to update their infrastructure, and many have retooled their operations to deliver services online. For example, settlement organizations developed online language classes; food banks developed apps for contactless delivery and mental health providers like Kids Help Phone have begun to use artificial intelligence to prioritize service delivery for at-risk youth. However, many organizations rely on donated, low-cost technology that performs slowly. Limited resources have also made it difficult for organizations to invest in new technologies, software and IT resources. These circumstances have significantly hampered the sector's capacity and ability to learn about new technologies to incorporate into their frontline and management systems.

AI technologies have the potential to enhance the overall productivity of nonprofit organizations by enabling them to achieve more with fewer resources and potentially creating opportunities for employees to engage in higher-value tasks. These models can assist with tasks such as content creation, donor outreach, and program evaluation.³ However, their implementation raises concerns about the potential displacement and deskilling of workers in the sector. To provide further data on the nonprofit

¹ Ontario Nonprofit Network. 2023. 2023 State of the Sector survey – Technical Report
<https://theonncanada.ca/publication/2023-state-of-the-sector-survey-technical-report/>

² Imagine Canada. 2022. Diversity Is Our Strength: Improving Working Conditions in Canadian Nonprofits
<https://www.imaginecanada.ca/sites/default/files/2022-10/diversity-is-our-strength.pdf>

³ Carleton University's Charity Insights Canada Project. Artificial Intelligence (AI) (No. 1.10.42). 2023.
<https://carleton.ca/cicp-pcpob/homepage/research-data/>

sector's perspective of AI's potential advantages and disadvantages, we have included survey results from Carleton University's Charity Insights Canada Project.

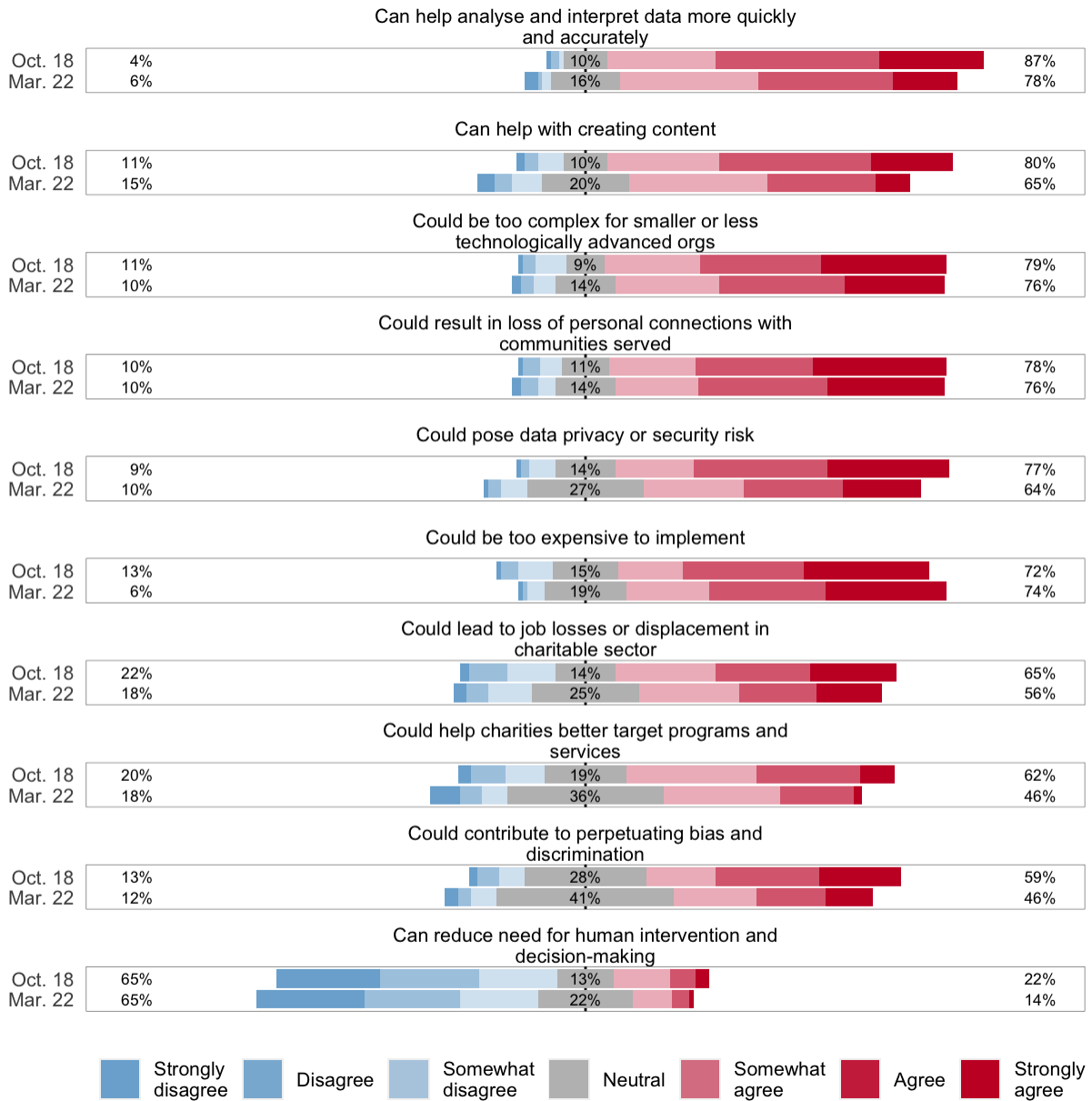


Figure 1⁴

Figure 1 demonstrates that the sector is more likely to see a potential role for AI in analyzing data, creating content, and targeting programs and services. However, many also believe that adopting AI technologies poses potential risks to data privacy and could perpetuate bias. The survey demonstrates that respondents do not believe AI will eliminate the need for human intervention and decision-making, as concerns surrounding loss of personal connection are high and remained constant over the duration of the survey period. As the nonprofit sector continues to deploy AI technologies, we appreciate the opportunity to communicate our concerns and opportunities for workers in our sector.

In March 2022, to better understand the needs of the sector, Imagine Canada conducted member and stakeholder outreach. When asked to describe the biggest barrier their organization was facing when adopting digital technologies, respondents described three main barriers: funding, the cost of digital technologies, and training and education.⁵ To describe the impact of AI technologies on the nonprofit workforce, those perspectives, along with survey results from Carleton University's Charity Insights Canada Project data, will be included in this submission.

Impact on our Workforce

Employment: Recruitment and Retention

According to the World Economic Forum, by 2030, 50% of jobs will be changed by automation.⁶ By 2030, 90% of jobs will require digital skills.⁷ The nonprofit sector may face challenges adapting to the new skill sets demanded by AI technologies, potentially leading to skill mismatches, unemployment and a loss of human touch as certain roles require empathy and human connection. AI also has the potential to increase socio-economic inequalities as certain roles may become obsolete while new, higher-skilled positions emerge, leaving behind a gap that could disproportionately affect certain segments of the workforce.

The nonprofit sector already faces substantial recruitment and retention challenges. Many workers have left their fields to pursue work in public or private sectors, where wages are higher and benefits are more comprehensive.⁸ Organizations consistently report high levels of absenteeism, burnout and mental

⁴ Carleton University's Charity Insights Canada Project. Artificial Intelligence (AI) (No. 1.10.42). 2023.

<https://carleton.ca/cicp-pcpob/homepage/research-data/>

Carleton University's Charity Insights Canada Project. (1.3.14) Artificial Intelligence (AI) (No. 1.3.14). 2023.

<https://carleton.ca/cicp-pcpob/homepage/research-data/>

⁵ Imagine Canada. 2022. Voices of the Sector: Remarks from Canadian Charities and Nonprofits on Digital Innovation and Transformation.

<https://www.imaginecanada.ca/sites/default/files/Imagine-Canada-Voices-of-the-Sector.pdf>

⁶ World Economic Forum. obs will be very different in 10 years. Here's how to prepare.

<https://www.weforum.org/agenda/2020/01/future-of-work/>

⁷ World Economic Forum. obs will be very different in 10 years. Here's how to prepare.

<https://www.weforum.org/agenda/2020/01/future-of-work/>

⁸The Senate Special Committee on the Charitable Sector (2019). Catalyst for Change: A Roadmap to a Stronger Charitable Sector.

https://senCanada.ca/content/sen/committee/421/CSSB/reports/CSSB_GovResponse_Charitable_e.pdf

health leaves. In fact, during the year's second quarter, large portions of the nonprofit sector expected recruiting skilled employees (43.5%) and retaining skilled employees (32.2%) to be substantial obstacles.⁹

Several organizations in the sector have stated that the use of digital technology has positively benefited staff by increasing efficiency, allowing staff more time to dedicate to other tasks. However, the increased use of technology has led to a greater need to recruit technology-versed staff. However, due to tight operating budgets, organizations are less likely to recruit a staff member to manage their technology needs solely.¹⁰ As the sector continues to adopt and integrate AI, the sector may struggle to recruit and retain staff with the training and education needed to use AI technologies.

Training and Education

While there are several Federal and provincial upskilling and training programs for professionals in the healthcare and trade sectors, the nonprofit sector at large has limited access to training and education programs on AI. Programs available include the [Digital Literacy Exchange Program](#), the [Digital Skills for Youth Program](#) and the [Skills for Success Program](#). However, these programs are currently failing to help enhance the digital literacy of those working in charities and nonprofits because they are not designed to support the sector. Both programs focus only on subsets of individuals in the sector: youth and underrepresented groups. No national government-funded program is specifically designed to equip individuals working in the sector with the digital skills needed to prevent job displacement as the world moves rapidly towards automated service delivery.

Those we spoke to in the sector expressed interest in learning how to use technology more efficiently and effectively to improve service delivery.¹¹ A lack of knowledge surrounding how various digital technologies and software interact and work was also a common barrier mentioned by respondents, as it prevented organizations from developing integrated technology systems for their organizations.¹² According to the Charity Insights Canada Project data, **over fifty percent of respondents do not feel prepared to use AI to support their organization's work.**¹³ This is further reinforced as 61% of respondents indicated that they do not understand the potential applications of AI in the sector.¹⁴ The adoption of AI technologies may also disproportionately leave behind smaller and less technologically advanced organizations.¹⁵

⁹ Business or organization obstacles over the next three months, second quarter of 2023. 2023. Statistics Canada.

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310066601&pickMembers%5B0%5D=3.2>

Business or organization obstacles over the next three months, second quarter of 2023. 2023. Statistics Canada.

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3310066601&pickMembers%5B0%5D=3.3>

¹⁰ Imagine Canada. 2022. Voices of the Sector: Remarks from Canadian Charities and Nonprofits on Digital Innovation and Transformation.

<https://www.imaginecanada.ca/sites/default/files/Imagine-Canada-Voices-of-the-Sector.pdf>

¹¹ Imagine Canada. 2022. Voices of the Sector: Remarks from Canadian Charities and Nonprofits on Digital Innovation and Transformation.

<https://www.imaginecanada.ca/sites/default/files/Imagine-Canada-Voices-of-the-Sector.pdf>

¹² Imagine Canada. 2022. Voices of the Sector: Remarks from Canadian Charities and Nonprofits on Digital Innovation and Transformation.

<https://www.imaginecanada.ca/sites/default/files/Imagine-Canada-Voices-of-the-Sector.pdf>

Carleton University's Charity Insights Canada Project. Artificial Intelligence (AI) (No. 1.10.42). 2023.

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¹³ Carleton University's Charity Insights Canada Project. Artificial Intelligence (AI) (No. 1.10.42). 2023.

<https://carleton.ca/cicp-pcpob/homepage/research-data/>

¹⁴ Carleton University's Charity Insights Canada Project. Artificial Intelligence (AI) (No. 1.10.42). 2023.

<https://carleton.ca/cicp-pcpob/homepage/research-data/>

¹⁵ Carleton University's Charity Insights Canada Project. Artificial Intelligence (AI) (No. 1.10.42). 2023.

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A strategy is urgently needed to address the sector's current talent recruitment, training and retention crisis to equip it to thrive in Canada's changing workforce. Continued access to funding and program supports like the [Canada Digital Adoption Program](#) (CDAP), the [Community Services Recovery Fund](#) (with its streams that support investment in staffing and technology) and the [Skills for Success Program](#) would help many organizations address workforce challenges and adopt digital technologies including AI, allowing them to better weather crises or economic hardship.¹⁶

Funding

In June 2019, the Special Senate Committee on The Charitable Sector published the report [Catalyst for Change: A Roadmap to a Stronger Charitable Sector](#). In the report, recommendations 18 and 19 highlighted the importance of the government increasing funding and program opportunities to support technological development and innovation in the sector. Recommendation 18 asked that "the Government of Canada establish a funding stream for projects to incent organizations to develop shared technologies to manage their administrative requirements." Recommendation 19 asked that "all federally funded initiatives with respect to innovation that are available to for-profit organizations be available to and promoted among charitable and non-profit organizations." Witnesses provided evidence to support the need for technological improvements to manage human resources and shared technologies. Witnesses also detailed the obstacles they faced regarding technological innovation, including risk-aversion of funders, lack of support by funding officers within the federal government, lack of funding stability, CRA restrictions on surpluses for non-profit organizations, and the focus on low overhead costs for charities.

Since the publication of the Senate Committee's report, the nonprofit and charitable sector has continued to experience significant challenges when accessing basic technological infrastructure because they do not have the funds to increase overhead spending. This problem is further exacerbated by project-based funding whereby government and funders only provide support for specific programs, leaving the sector without support for core operating expenses.¹⁷

Almost three years after the Senate Committee's report, [Statistics Canada's Canadian Survey on Business Conditions](#) found that over one-third of nonprofits found it somewhat (12.9 percent) or extremely (22.4 percent) challenging to access financial resources to invest in new technologies. Despite the recommendations made in the Senate Committee's report, several government programs designed to support digital innovation and the adoption of new technologies, such as the [Canada Digital Adoption Program](#) (CDAP) and [Digital Main Street Program](#), have **excluded** nonprofits.

The sector continues to express that there is limited access to funding opportunities to purchase technology and hire staff and other experts to use and implement technologies such as AI. These results

¹⁶ Ontario Chambre of Commerce. 2022. Broken Links.

<https://occ.ca/wp-content/uploads/Broken-Links-Driving-Technology-Adoption-within-Ontarios-Small-Businesses.pdf>

¹⁷ Evans, Bryan, Ted Richmond, and John Shields. "Structuring neoliberal governance: The nonprofit sector, emerging new modes of control and the marketisation of service delivery." *Policy and Society* 24, no. 1 (2005): 73-97.

are further supported by Charity Insights data, which found that over two-thirds of respondents believe AI will be expensive for charitable organizations to implement.¹⁸

Recommendations

As new technologies emerge, the nonprofit sector has generally been left behind. Without appropriate interventions from Federal and Provincial governments we fear the same will happen with AI. Unlike the for-profit sector, the nonprofit sector does not receive dedicated innovation supports.¹⁹ Without support to enable innovation, the sector may become stagnant.²⁰ As a key partner in the delivery of services that ensure community health and well-being, the government of Canada needs a strong nonprofit and charitable sector. Investments in technology such as AI have the potential to improve service delivery for the nonprofit sector, allowing a larger subsection of the community to be reached.²¹ The nonprofit sector needs the government to provide long-term investment and program supports to facilitate the adoption of AI technologies.²² We recommend that the government:

1. *Develop a labour force strategy grounded in equity, diversity and inclusion that addresses retention, skills development, compensation, training, leadership development and succession planning.*
2. *Expand the Canada Digital Adoption Program's eligibility to nonprofits and charities.*
3. *Build the technological resilience of the nonprofit sector by establishing another cycle of the Community Services Recovery Fund.*
4. *Allocate an additional \$298M to the Skills for Success Program over the next three years to provide Canadians with the opportunity to improve foundational and transferable skills needed to enter the workforce.*

About Imagine Canada

Imagine Canada is a national charitable organization dedicated to providing charities and nonprofit organizations with programs, assistance, and resources designed to help them better support the Canadians and communities they serve. Altogether, our sector adds 8.3 percent to Canada's GDP and employs more than 2.4 million people across the country, with over 170,000 nonprofits and charities. If you have any questions, please do not hesitate to contact us at cedwards@imaginecanada.ca or **1.800.263.1178 x325**.

¹⁸ Carleton University's Charity Insights Canada Project. Artificial Intelligence (AI) (No. 1.10.42). 2023.

<https://carleton.ca/cicp-pcpob/homepage/research-data/>

¹⁹ CanadaHelps. 2021. Are Canada's Charities Ready for Digital Transformation?. <https://www.canadahelps.org/en/digital-skills-survey-2021/>
Syed, Fatima. 2021. Canada's non-profit sector needs to fund digital projects: CIRA.

<https://thephilanthropist.ca/2021/03/canadas-non-profit-sector-needs-to-fund-digital-projects-cira/>

²⁰ Canadian Internet Registration Authority. 2021. Unconnected: Funding Shortfalls, Policy Imbalances and How They Are Contributing to Canada's Digital Underdevelopment. <https://www.cira.ca/resources/state-internet/report/unconnected>

²¹ Schwab, Klaus. 2016. The Fourth Industrial Revolution: what it means, how to respond.

<https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/>

²² Canadian Internet Registration Authority. 2021. Unconnected: Funding Shortfalls, Policy Imbalances and How They Are Contributing to Canada's Digital Underdevelopment. <https://www.cira.ca/resources/state-internet/report/unconnected>

Sincerely,

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