

Unleashing the Power of Canadian Charities

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UNLEASHING THE POWER OF CANADIAN CHARITIES

Civil society organizations (CSOs) comprise charities, non-profit groups and other public service organizations involved with arts and culture, health, education, the environment, human rights, and social services for people in need. We know them as the Red Cross, Canadian Parks and Wilderness Society, Big Brothers and Big Sisters, the Nature Conservancy, Eldercare, Native Friendship Centre, the Rotary Club and thousands of other providers of services to our communities and country.

Charities and other CSOs make significant contributions to society not only as community service providers but also through public advocacy and research. The Canadian government recognizes civil society as an “essential partner in promoting transformative change,”¹ acting as an intermediary between governments and citizens. Yet current government policies and regulations, along with corporate practices and public attitudes diminish the effectiveness and productivity of these organizations. These difficulties have worsened at the same time as the demand for services has grown, largely due to government and business off-loading their own responsibilities.

Despite the fact that 88% of Canadians believe that charities improve their way of life², why do government policies, corporate practices and public attitudes hinder rather than help charities do their work as effectively as possible? Addressing this question will allow us to unlock the greater potential of charities to the benefit of people across Canada and around the world.

WHY CHARITIES MATTER?

Why should Canadians, each one of us, care about how government regulates charities? Because charities provide important services for children, seniors, the disabled and others in need, help ensure we have safe food and clean air and water and deliver important social, cultural and educational programs. Canada’s not-for-profit organizations, excluding universities and hospitals, contribute \$35.6 billion to the economy in a year³. Referred to as the third sector, charities and other CSOs only represent 3.3%⁴ of the economy, but efficiently provide significant benefits to the public. If charities aren’t able to provide these services, either these services will be lost or must be provided by government at a significantly higher cost. Why then has government tended to treat them

¹ “Civil Society and Development.” *Global Affairs Canada*. 13 Nov. 2015. Web. 18 Aug. 2016.

² Lasby and Barr. *Talking About Charities 2013*. The Muttart Foundation, 2013. p. 23.

³ <http://www.statcan.gc.ca/pub/13-015-x/2009000/sect05-eng.htm>

⁴ Emmett and Emmett. *Charities in Canada as an Economic Sector*. Imagine Canada, 2015. p. 10.

more as a bother than a partner, adopting policies that discourage active participation and leave many chronically struggling for survival?

This paper raises several fundamental questions about the role of CSOs in Canada, particularly nationally registered charities. What impediments currently diminish their ability to succeed? How can government, corporations and society as a whole strengthen the ability of charities to be a strong, independent force for positive change and continue to provide their valuable services?

Definition and History

Civil society is the aggregate of organizations and individuals that serve the public interest, independent from government and business. This “third sector” includes charities, advocacy groups, social movements and many other associations that exist to serve the public without commercial interests. These groups range from short-term groups dedicated to a single issue, such as protecting a particular lake from industrial pollution, to the major players working to reduce poverty, injustice, disease and environmental degradation nationally and worldwide.

The organizations that work within the third sector go by a variety of names, civil society organizations (CSOs), non-governmental organizations (NGOs), community based organizations (CBOs) and not-for-profits (NFPs). Just as these labels are not necessarily mutually inclusive, not all are charities. The Canada Revenue Agency (CRA) defines a registered charity as “a charitable organization, public foundation, or private foundation registered with the [CRA]” that “operate[s] for charitable purposes, and devote[s] its resources to charitable activities.”⁵ According to the CRA database, there are over 86,000⁶ active registered charities in Canada, which can issue tax receipts for donations, have more opportunities for grant funding and are not required to pay income tax.⁷

Not-for-profits have been officially recognized for nearly one hundred years, since the *Companies Amending Act, 1917* allowed for the registration of corporations that were “objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional or sporting character, or the like.”⁸

The earliest examples of CSOs in Canada were social service programs offered by religious organizations and service groups such as Scouts Canada, Rotary Club of Canada, the Salvation Army and the Hebrew Benevolent Society. As the need and

⁵ “Charities and Giving Glossary.” *Canada Revenue Agency*. 28 Jul. 2016. Web. 18 Aug. 2016.

⁶ “Charities Listing.” *Canada Revenue Agency*. 27 Jul. 2016. Web. 18 Aug. 2016.

⁷ “What is the difference between a registered charity and a non-profit organization?” *Canada Revenue Agency*. 23 Jun. 2016. Web. 18 Aug. 2016.

⁸ “Subsection 7A(1).” *Companies Act Amending Act*. S.C. 1917, c. 25.

demand for services grew, groups were formed to assist women and children in need, the impoverished and senior citizens, protect the environment, advance human rights, and provide a large variety of cultural, health and educational services in communities. Recognizing their great value and ability to deliver services much more efficiently and cost effectively, government assisted them by creating tax-exempt status, the ability to issue tax receipts for donations and providing with operating grants.

Contributions of Not-For-Profits

In 2007, the not-for-profit sector accounted for \$35.6 billion⁹ of the Canadian GDP (*this figure excludes the contribution of universities and hospitals*). National charities such as the Sierra Club, Big Brothers and Big Sisters, and the MS Society provide independent research and public services beyond the capabilities of government agencies, which may be restricted by funding or political considerations. Smaller organizations like the Victoria Cool Aid Society and Ottawa Riverkeeper offer service that is localized and adapted to their communities. Internationally, Canadian charities like Inter-Pares have long helped the Canadian government meet many of its development goals more effectively and directly, reducing the risk of in-country misuse of taxpayer funds.¹⁰ At least 88% of Canadians agree that charities improve our quality of life, and the majority of Canadians believe that charities are able to better understand and meet their needs (68% and 63%, respectively) than the government.¹¹

Change in Government Attitude

More recently, the attitude of Canadian government regarding civil society markedly changed.¹² Increased regulatory demands from the 2012 *Income Tax Act*, closure of governmental agencies such the Canadian International Development Agency (CIDA) and a culture of silencing and de-funding outspoken charities have severely hampered the operation of CSOs.¹³

Campaigns against charities by the Canadian government intensified in 2012 with new restrictions against charities deemed to be pursuing political activities and the creation of an \$8 million fund for the CRA to establish an auditing program of such activities.¹⁴ This came two months after Joe Oliver, then Minister of Natural Resources, wrote an open letter condemning “environmental and other radical groups” backed by “foreign special

⁹ Haggar-Guenette et al. *Satellite Account of Non-profit Institutions and Volunteering*. Statistics Canada, 2007. 9.

¹⁰ “Civil Society and Development.” *Global Affairs Canada*. 13 Nov. 2015. Web. 18 Aug. 2016.

¹¹ Lasby and Barr. *Talking About Charities 2013*. The Muttart Foundation, 2013. p. 23.

¹² Phillips, Susan. “Canada: Civil Society Under Neglect.” *The Philanthropist* 23.1 (2010): 65–73.

¹³ *Canadian Civil Society Organizations and International Development*. The McLeod Group, 2016.

¹⁴ Beeby, Dean. “Canada Revenue Agency accused of ‘political’ targeting of charities.” *Maclean’s*, August 3. 2014.

interest groups” to “hijack our regulatory system to achieve their radical agenda.”¹⁵ Soon, investigations were launched into ten charities, over half of which were environmental charities. In May 2012, Peter Kent, then Minister of Environment, accused charities of being used to launder offshore funds. The fact that the current government rolled back the charity audit program shortly after assuming office strongly indicates the accusation was more contrived than real.¹⁶

In addition, both Ministers neglected to recognize that:

1. Under FTA and NAFTA Canadian charities who previously received donations through Canadian subsidiaries now routinely must apply to US head offices for funding
2. Considerable offshore funds were used by corporate proponents to promote projects such as the Keystone and Gateway pipelines

The closure of CIDA and action taken to deliver overseas development aid (ODA) in support of corporations meeting their social and environmental responsibilities was another decision of questionable benefit. Overseas Canadian government development assistance typically was provided through or in cooperation with charities both to reduce the risk of corrupt in-country governments misusing funds and to rely on charities’ expertise, local contacts and respect to succeed.

The recent changes in the relationship between the Canadian government and charities has hampered the latter’s ability to provide the services and valued expertise that Canadians have come to rely on. It is the opinion of the authors that charities should avoid participation in partisan political activities and that any such involvement erodes moral support and legitimate opportunities to influence public opinion and government policy. On the other hand, charities and other CSOs have considerable knowledge and important perspectives to bring to public discussion and debate; therefore they should be encouraged to do so in a healthy democracy.

IMPEDIMENTS TO SUCCESS

Given everything civil society provides Canadians and that the national government recognizes their contributions, we could reasonably expect government to actively facilitate and support CSOs, not obstruct them. Yet some government practices call such assumptions into question, or at least suggest that government is not effectively connecting the goals of ensuring adequate regulation and encouraging the best possible

¹⁵ Oliver, Joe. “An open letter from the Honourable Joe Oliver...” *Natural Resources Canada*. 12 Nov. 2013. Web. 18 Aug. 2016.

¹⁶ Cheadle, Bruce. ‘Liberals wind down controversial political audits of charitable groups.’ *The Globe and Mail*. January 20, 2016.

results. This paper is not intended to catalogue all or even most of the regulatory and social impediments hampering the effectiveness of Canada's charitable sector. We hope that others will undertake their own research on this important topic. Rather, the authors have chosen to highlight certain barriers that are particularly harmful and should be corrected as a priority while government works with stakeholders to seek further improvements in policy, regulation and practice. In addition, the authors suggest where further research is needed to identify and resolve the problems undermining Canadian charities. The following topics are not addressed in order of priority.

Disjointed Regulatory Problems

All charities are governed by CRA, whether provincially or federally chartered. Our focus here remains on federally registered charities. Having said that, the issues below generally or directly affect charities operating at all levels. In order to become a registered charity, an organization must be incorporated; therefore, two bodies regulate Canadian charities: the CRA and Innovation, Science and Economic Development Canada (ISED), formerly Industry Canada. Through the CRA, the Charities Directorate governs charities under the policies laid out in the *Income Tax Act*. Charities are responsible for satisfying the CRA that their activities are charitable and benefit the public interest. ISED is the department responsible for the *Canadian Not-for-profit Corporation Act (NFP Act)* through which NPOs are governed. The focus of the NFP Act is primarily to define the rules by which NPOs are incorporated and operate. By nature and design, charities are NPOs.

In 2011, the new NFP Act was brought in to effect. The Act separated for-profit and not-for-profit corporations, and the process required standardized NFP by-laws, a process consuming a great deal of money and effort for charities. Unfortunately the new Act did little to address a host of policies, regulations and other constraints that hamper charities' ability to provide services and achieve reasonable stability in funding, personnel and programming. The Act even failed to harmonize some places where *Income Tax Act* and *Canadian Not-for-profit Corporation Act* are contradictory, such as the requirements for annual financial reporting. While CRA annual returns are due six months after the end of the charities' fiscal year,¹⁷ annual reports are due to ISED within sixty days of the charities' anniversary date.¹⁸ Another inconsistency exists in the required level of financial reporting. The CRA accepts three levels of financial reporting depending on the assets of the charity, but ISED insists on only the highest and most expensive level, a full independent audit. Over the years, these reports have become more and more complicated and costly. This double and disjointed reporting creates crisis deadlines as charities find themselves needing to file reports with different information at two points

¹⁷ "T3010 charity return – Filing information." *Canada Revenue Agency*. 20 Jul. 2016. Web. 18 Aug. 2016.

¹⁸ "Your reporting obligations under the *Canadian Not-for-profit Corporations Act (NFP Act)*." *Innovation, Science and Economic Development Canada*. 23 Apr. 2013. Web. 18 Aug. 2016.

in the year. The extra strain on resources and time with reports and independent auditing leaves many charities devoting unreasonable resources unrelated to meeting their mandates.

Lack of Regulatory Flexibility

Current levels of reporting are not sensitive to the particular circumstances of specific charities. Smaller charities are disproportionately affected by reporting requirements. For example, a small local group organized to address a single issue, such as advocating for homeless people or running an after school program, is obligated to submit the same reports as a major health charity or social service agency, like the Canadian Cancer Society, who has a multi-million dollar annual budget. Why is an organization reporting ten thousand dollars subjected to the same rigour in reporting as one managing ten million? Such unevenness pushes out smaller charities, whose capacity is pushed to the limit simply trying to meet regulations. As more small-scale charities are swept under the rug, communities lose local-based expertise often better equipped to deal with community issues. An ascending scale seems prudent so that the level of reporting is consistent with the scale of operations.

Another long-standing issue that charities have faced is the requirement to spend at least 80% of all donations for which charitable receipts are issued within 12 months of receipt as well as 3.5% of all assets. This requirement jeopardizes the long-term stability of many organizations. Could any business be expected to survive based on a 12-month cycle of receiving and spending without an opportunity to build up resources for a rainy day? This leaves charities vulnerable, as they are ill equipped to plan for the future without sustainable funding.

Many recent changes made to the rules in financial reporting have been imposed not because of anything done by charities but by corporate maleficence, such as Enron or SNC-Lavalin. The new *NFP Act* states that many such changes were designed to provide “accountability and transparency,”¹⁹ despite the fact that charities were already held to higher standards of transparency than for-profit corporations. One cannot, for example, look up the financial details of a for-profit corporation on a government database as they can with charities. It does not make sense that charities face more scrutiny and debilitating restrictions when they are not the ones that created the problems in the first place.

The Threat of CRA Audits

¹⁹ “Background paper - Canada Not-for-profit Corporations Act.” *Innovation, Science and Economic Development Canada*. 23 Jan. 2012. Web. 18 Aug. 2016.

Government behaviours, not just regulations, have also been troublesome for charities. As detailed above, 2012 saw several high-profile ministers claim that several environmental charities were backed by “foreign interests” and used to launder money. Rather than dealing with the concerns put forward, campaigns were initiated to disparage or question the integrity or even allegiance of these groups. It seems that “the time and money CRA has poured into attacking the legitimate work of charities has been highly unproductive: the agency has found little evidence that charities are abusing political activity rules, despite the antiquated nature of these rules and the strict limits the agency places on charities trying to advocate for a healthier environment, better health care or a more equitable society.”²⁰ This sort of scare mongering hurts Canadians because it not only erodes public trust, but also it creates more barriers for all charities to provide the input and services we expect from civil society.

The threat of CRA audits looms over charities that try to create responsible dialogue on important issues related to their mandate, as permitted under the rules. Groups that rely on government funding to meet their mandate may face cuts when they disagree with government initiatives. Groups like the Canadian Council on International Co-operation²¹ and Inter-Pares, both providers of foreign aid, saw their funding reduced or eliminated because their views and approaches were not considered compatible with the government’s. This has been used as a way to silence NGOs despite the fact that they voice legitimate concerns and represent the public.

Charities have gone through a period of confusion about what’s acceptable and what’s not, which put a chill on the participation of charities in public dialogue, even where they are knowledgeable and it’s part of their mandate. The participation of public interest groups is important to the democratic process. Unless the participation is somehow malicious or partisan, it should be accepted as positive, even if the points raised are uncomfortable for some. Corporations, however, do have their say. The lobbying of government by industry groups has become a standard part of the political process, while charities have been left out of the dialogue, often denigrated as special interest groups. It’s not unreasonable to suggest that it is harmful to society to muffle charities and giving preferential treatment to business.

Government Fundraising

Another harmful behaviour is the government’s soliciting of corporate and public donations. While it’s admirable to double the donations given by the public, as was done in the aftermath of the 2010 Port-au-Prince earthquake in Haiti, and more recently in Fort

²⁰ <https://www.thestar.com/opinion/commentary/2016/03/20/canadas-charity-chill-continues.html>

²¹ Stewart, Brian. “Another critical group feels Ottawa’s axe.” *Canadian Broadcasting Corporation*. 23 Jul. 2010. Web. 18 Aug. 2016.

McMurray, it has been harmful to charities. The government has turned to the public to subsidize foreign aid and domestic disaster relief, tapping into the finite amount of donations from a shrinking population of donors. Donations that may have otherwise been made to charities, particularly those who already have the expertise in the given situation, are being reallocated to the government in order to meet its own responsibilities. This way of diverting money away from charities, some would argue is a dereliction of responsibility and raises reasonable questions about government's less efficient delivery of services.

Set, Game, Match – The Advantage of Corporations

The relationship between corporations and charities also bears re-examination, a relationship that too often seems to be formed not by goodwill or the greater good, but by tax write-offs and marketing opportunities. These unbalanced relationships tilt significantly in favour of business.

A charity is eligible to issue donations receipts for tax purposes, providing that the donor normally does not gain a benefit, but corporations are able to directly benefit from their donations and still receive tax receipts. For example, if someone pays for a membership to Sierra Club, the charity cannot issue a charitable receipt for it. If you attend a fundraising dinner for your local hospital, the portion of your contribution that represents the cost of your meal cannot be included in the cost of the receipt for the remainder. However, if Xerox donates office equipment and requires the recipient charity to promote the gift as well as issue a receipt, that's fine. This double standard is even starker when realizing that a donation to a political party receives a 75% tax credit, while a receipt issued by a hospital, school or local food bank may be only valued up to a 35% tax credit for its donors. Let's not overlook extravaganzas like the Olympic games where corporations who derive marketing benefits also receive tax credits.²² Although taxpayers paid for Canada House at the 2016 Rio Games, the only visitors allowed other than athletes and their families were corporate sponsors.²³

At one time, companies primarily made donations to charities whose work they chose to support. Over time, this more philanthropic approach of giving back to society has been replaced with far more self-interested ones, for example, corporations that require charities to compete for funding not on the basis of merit, but how many 'likes' and hits they drive to the corporate website. This 'what's in it for me' approach is the result of corporate marketing overtaking corporate philanthropy. These behaviours favour charities offering glamorous marketing opportunities, such as sport and entertainment events, rather than campaigns to provide water to long suffering first nations

²² "Ways to Give." *Canadian Olympic Foundation*. Web. 18 Aug. 2016.

²³ Fisher, Matthew. "Why Rio's Canada house is the most exclusive ticket in town: It's for athletes' friends and family only." *The National Post*. August 16, 2016.

communities or aid to the elderly and abused children. The need to make real, substantive change in the world is far too often overshadowed by brand advertising.

Governments Soliciting Corporations

Perhaps the most egregious example of this double standard, or lack of arm's length relationship between business and government, is the phenomenon of government fundraising from corporations. It leaves the impression of selling/buying access or favours from regulatory agencies, and puts charities at a disadvantage. For example, Parks Canada counts both Air Canada and Mars Canada Inc. as partners, the latter sponsoring "unique historic chocolate experiences"²⁴ in a marketing campaign wrapping itself in the positive aura of nature. The obvious advantages of giving to government exemplify another way charities and the public are being harmed by government practices. When one considers that there is a finite pool of donations available, it means that this subsidizing of government comes at the expense of charities.

SLAPP Suits

Corporations need to quit using SLAPP (Strategic Lawsuit Against Public Participation) suits to threaten and silence charities that raise legitimate concerns about them. Charities are overwhelmingly found to be entirely within their right to speak out against actions that threaten human rights or damage the environment, but settling these lawsuits take years and significant resources. Protesters against BC Hydro's Site C Dam²⁵ and Kinder Morgan's surveying of Burnaby Mountain²⁶ have been taken to court, sued for millions in damages in each case and costing the defendants thousands of dollars in legal fees. Companies seem to have limitless funds to keep these groups occupied and silent. Government can and should step in to stop this undemocratic behaviour, barring the courts from being used to censor or silence civil society and public participation in the democratic process. While several American states have anti-SLAPP legislation, no Canadian province has any such protections for its citizens.²⁷

Canadian Generosity

Charities function to serve the public. In turn, without the financial and moral support of Canadians, charities are unable to provide services we need and expect. However, while Canadians clearly express their heartfelt support, their financial support does not occur on the same level.

²⁴ "Partnering with Parks Canada." *Parks Canada*. 22 Jan, 2016. Web. 18 Aug. 2016.

²⁵ Cox, Sarah. "B.C. Hydro should drop SLAPP suits against protesters." *The Province*. May 25, 2016.

²⁶ Ball, David P. "Burnaby Mountain Lawsuit Renews Anti-SLAPP Calls." *The Tyee*. January 13, 2015.

²⁷ Vesely, Marko. "BC Court of Appeal Rejects Anti-SLAPP Defence." *Western Canada Business Litigation Blog*. 10 Dec. 2014. Web. 18 Aug. 2010.

On average, Canadians donated \$531²⁸ to charity in 2013, whereas Americans gave \$1201 (USD) in 2011.²⁹ Perhaps because Canadian governments historically have provided a social safety net, there is a lower level of donations compared to our southern neighbours. But the Canadian situation has changed. Government is providing fewer services, offloading onto charities. Despite overall donations totaling more, a growth from \$10.4 billion in 2004, to \$12.8 billion in 2013,³⁰ the proportion of Canadians who donated to charity dropped from 85% to 82%.³¹ Even though total donations have risen, it's not at the same pace as the demand for services created by a growing population. Moreover, with religious organizations receiving the largest portion for their activities, accounting for 41% of all donations³², other charities face an even greater challenge providing services to the public.

False Accusations Discourage Donors

The slew of attacks by high profile ministers in recent years, as detailed above, likely contributed to flagging public support. According to the Stats Canada publication, *Charitable giving by individuals*, nearly “30% of donors [in 2013] reported that they did not give more because they did not think the organizations would use their money efficiently or effectively.”³³ Although this is an improvement over donors in 2010, where 37% had such an impression,³⁴ it remains that close to one third of donors have had their trust in charities eroded. Admittedly, there are some bad examples like any other sector, but most charities are efficiently run, use the money effectively for the intended purpose, and they are closely regulated. It's easier to get information on charities than corporations, to determine whether or not you want to support them.

Declining Volunteerism

According to Statistics Canada, “the volunteer rate in 2013 (44%) was lower than that recorded in 2004 (45%), in 2007 (46%) and 2010 (47%).”³⁵ As many charities rely on volunteers, more support and facilitation is needed to overcome this trend. While there has been a decline in recent years, this is still a marked increase since 1987 and even 1997, when volunteer rates were 26.8% and 31.4% respectively³⁶. This growth

²⁸ Turcotte, Martin. “Charitable giving by individuals.” *Statistics Canada*. 2015. 4.

²⁹ “Charitable Giving in America: Some Facts and Figures.” *National Center for Charitable Statistics*. Web. 18 Aug. 2010.

³⁰ Turcotte, Martin. “Charitable giving by individuals.” *Statistics Canada*. 2015. 4.

³¹ Turcotte, Martin. “Charitable giving by individuals.” *Statistics Canada*. 2015. 4.

³² Turcotte, Martin. “Charitable giving by individuals.” *Statistics Canada*. 2015. 15.

³³ Turcotte, Martin. “Charitable giving by individuals.” *Statistics Canada*. 2015. 21.

³⁴ Turcotte, Martin. “Charitable giving by individuals.” *Statistics Canada*. 2012. 35.

³⁵ Turcotte, Martin. “Volunteering and charitable giving in Canada.” *Statistics Canada*. 2015. 3.

³⁶ Hall et al. “Caring Canadians, Involved Canadians: Highlights from the 1997 National Survey of Giving, Volunteering and Participating.” *Statistics Canada*. 1998. 27.

demonstrates that government programs to increase volunteering and engagement work. For example, that many schools and ministries of education encourage and often require volunteering for secondary school graduation; two-thirds of Canadians aged fifteen to nineteen volunteered in 2013,³⁷ the highest of any age group.

Upgrade, Don't Punish

In fairness, we recognize that some charities are less professional and effective than we should reasonably expect. But rather than punishing the overwhelming majority that are well run and comply with regulations, government resources should be made available to provide education and training to raise the level of performance where needed, as is routinely done with corporations. For those few that are not abiding by the rules, there are mechanisms to deal with them. The idea that charities are ineffective and self-serving is a red herring from the real issues preventing these organizations from meeting their potential, and hopefully people aren't using this as an excuse for not contributing their fair share as volunteers and donors.

ANALYSIS AND RECOMMENDATIONS

As Canadians, how do we understand our responsibilities to the rest of the world and to other Canadians? Is our relationship with the world driven by money alone, or do we see the world as a shared home? Are we still committed to providing a safety net of reasonable services that all people are entitled to, or do we believe that it's all there for the taking and that we're not responsible unless it benefits us as individuals or a country directly?

Our belief is that Canadians do want a healthy environment, a fair economic system, a strong social safety net and equality for all. Charities greatly help provide these benefits, raising the standard of living and protecting what is important to Canadians. However, this is only possible if Canadians contribute more as volunteers and donors to the many worthy causes.

Encourage Public Dialogue

We need a public dialogue on how to strengthen charities and increase giving. Revisions in policies, regulations and legislation are required to unleash the full potential of civil society in order to address rapidly changing social, economic, environmental and cultural challenges. It should be our goal to clarify and strengthen the role of charities. Although a

³⁷ Turcotte, Martin. "Volunteering and charitable giving in Canada." *Statistics Canada*. 2015. 5.

thorough review of policies involving government and charities is necessary, there are some things that should be done right now to remove barriers.

Restore a Positive Relationship Between Government and Charities

Over the long term, government can play a constructive role in strengthening charities and support for them in several ways. More immediately, they can do the following:

First of all, restoring a positive relationship by ending the adversarial approach. Instead of viewing them as adversaries, government needs to see charities as partners. Providing charities with training and support to upgrade skills and capacity, as is done for corporations, will ensure growth, regulatory compliance and a greater level of trust. If there are specific charities that still fail to meet their mandate, consultation with a mind towards resolution should come before punitive measures.

Second, the Canadian government should step up the promotion of giving. Education and public awareness of charities' contribution, tied with increasing the benefits for giving, will help increase donations and volunteering, which in turn amplifies the capacity of organizations to do good and the benefits for Canadians

Extending the period that charities have to spend over 80% of all donations that were issued a charitable receipt from 12 months to three years. This would create more sustainability and growth for charities, giving organizations the security to reach their long-term goals and mandate.

Charities as Canadian Goodwill Ambassadors

Traditionally, charities were the primary conduit of Canadian foreign aid. The policy decision to replace charities with corporations should be reversed. Charities are well equipped with expertise and local contacts that make them the best providers for such activities. Diverting these aid funds to companies driven by their own economic and public relations goals is neither effective nor appropriate. These companies cannot credibly or effectively be both proponent for the development and represent the public interest for health, human rights and the environment. In any case, they should meet their own corporate social responsibility with their own money not public funds. Overseas development funding needs to be restored to charities. As well, it reduces fears that the Canadian government may be imposing conditions on foreign sovereignty.

Government Should Actively Encourage and Support Charities

Another area where the Canadian government can better support charities is revising policies and regulations to better support charities. Creating ascending reporting

requirements for small, single-issue groups, that are more streamlined than those for large, long-standing organizations, would have an immediate positive impact in their capacity. This would free up time and manpower spent on administrative tasks to support the charity's program goals.

There is a need for a thorough review of how to encourage corporate giving while ensuring it is in society's best interest, or at least balanced between society and the business donors, rather than the whole process being distorted by corporate marketing goals.

We're calling on government to implement these changes to enable charities to more effectively continue their work in alleviating poverty, defending our climate and protecting our health, and to work with leaders and experts to redraft policies and long term plans for civil society. We're calling on corporations to step up as active partners in building healthy communities across Canada, pursuing causes that are motivated by the public good, rather than being driven by brand promotion and public relations,

Working Together to Benefit Canadians

Although charities face many challenges, they generally are efficiently run and do good work with modest resources. At their best they are deeply connected to the people and communities that they serve. Under the circumstances government, corporations and the public should work together to reinforce the capability of charities to meet the public good. It's tough enough work without being used for marketing, being taken for granted by the public and being subjected to regulations that threaten their sustainability. After all, charities rely on Canadians who in turn depend on them. Charities cannot provide the services we expect without a broad base of support. It's time to stop taking them for granted.

Call for Research

We're calling on researchers to continue diagnosing regulations and policies that are holding charities back. We have identified several topics that merit further research.

1. Evaluating the social, economic and other benefits provided by charities.
2. Assessing current legislation governing charities and recommending revisions that would reduce administrative burdens and allow charities to spend more resources on providing services.
3. Examine the relationships between corporations and charities, and ways the relationship can better benefit society.
4. Develop training programs to help charities to increase skills and capacity.
5. Determine public attitudes towards charities and opportunities for improved support.

6. Identify best practices in other liberal democracies adoptable for Canada.