

PROTECTING CANADIAN CHARITIES:

A New Day for Charities in Canada?

Charities make an important contribution to society and they must be provided with the space to do so effectively. That's why 17 organizations came together last fall to ask all Canadian federal political parties to "make a commitment to preserving and enhancing this role by strongly supporting a new legal and policy direction that enhances and protects the ability of registered charities to participate in public policy debates." You can read the parties' responses [here](#).

Since then, the newly elected government has made some positive commitments in this regard. Now more specific action is needed to protect and enhance charities' ability to engage in public policy and voice the concerns of Canadians. Charities audited under the previous government for political activities continue to be audited. And the process for a new legislative framework to protect the ability of registered charities to participate in public policy debates has yet to be launched.

The ability of Canadian charities to participate in shaping public policy is vital for a healthy democracy. Charities voice the concerns of millions of Canadians and provide subject matter expertise, which results in better, more effective policies and laws on issues that matter to Canadians.

Political Activity Defined

The Canada Revenue Agency includes in its definition of "political activity" any public efforts to retain, oppose or change a law, policy, or decision of any level of government in Canada or a foreign country to advance the charitable purposes of the organization.¹ This should not be confused with "partisan activity" which refers to activities supporting or opposing a particular political party or candidate. "Partisan activity" is banned and should remain so. "Political activity" should be encouraged, not restricted.

IS CHANGE IN THE AIR?

Prime Minister Justin Trudeau recently instructed the Minister of National Revenue to **“Allow charities to do their work on behalf of Canadians free from political harassment, and modernize the rules governing the charitable and not-for-profit sectors, working with the Minister of Finance. This will include clarifying the rules governing “political activity,” with an understanding that charities make an important contribution to public debate and public policy. A new legislative framework to strengthen the sector will emerge from this process.”**²

This is a positive development. Now it’s time to see those words turn into action.

In January, Minister of National Revenue, the Honourable Diane Lebouthillier, announced the winding down of the political activities audit program initiated by the previous government. Minister Lebouthillier said, “Our government recognizes the critical role charities play in our society and their valuable contribution to public policy and public debate on behalf of all Canadians. To help them continue this important work, charities must be assured they are operating in a regulatory environment that respects and encourages this contribution.”³

This is a positive development and holds promise that Canadians will be able to engage in important debates about social justice, liberty,

poverty and the environment – debates that depend on charities providing an avenue for Canadians’ ideas and magnifying their voices.

But charities under audit for political activities from the previous government are still under audit.

Some of these audits have gone on for years and cost hundreds of thousands of dollars, money that could have been spent strengthening the work of the charity, such as voicing Canadians’ concerns about key issues. And the audits have had a widespread chilling effect on charities across Canada, inhibiting their invaluable work in the name of the public good.

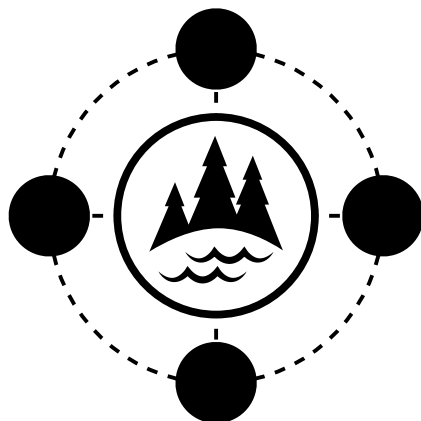
These audits need to end immediately. Reform of the rules that allowed these audits must begin.



WHY WE NEED CHARITIES

Many of the good things about Canadian society have been created through the efforts of charities and their involvement in public policy work. Some examples of the impact of the work Canadian charities have been involved in include:

- Strengthening anti-drinking and driving laws⁴
- Banning smoking from schools and workplaces^{5, 6}
- Ensuring disclosure of health risks from toxic chemicals and banning cancer-causing chemicals
- Drastically reducing acid rain in Canada after public demands for new laws
- Creating networks of national and provincial parks across Canada
- Banning chemicals that put holes in the ozone layer



- Phasing out coal – North America’s largest greenhouse gas emissions reduction effort – in Ontario and drastically reducing smog days⁷

All of these gains came through Canadians of all stripes working through charities to raise issues and solutions that eventually resulted in government action. And they would not have happened if charities were not allowed to participate in public policy.

If charities are silenced then many Canadians will no longer be able to have their voice heard on issues that they care about.

Canadians deserve better than this.



ENSURING CITIZENS' VOICES AREN'T DROWNED OUT BY CORPORATE DOLLARS

The question of charities' involvement in public policy work has been in the media a lot lately, with some suggesting that citizens should lose their ability to receive tax receipts for donating to charities that advocate for health, environment or social justice.

Currently in Canada, both individuals and corporations can receive tax benefits for advancing their interests in public policy debate. Existing tax rules already provide greater tax benefits to corporations than to individuals who do so through contributions to like-minded charities. And if the current trend toward stifling charities' involvement in public policy continues it will create a highly unequal financial situation, one where citizens effectively lose their tax benefits from financially supporting charities, but corporations retain them. Furthermore, many charitable foundations that have supported these groups and their important public policy work in fields from health to the environment will no longer be allowed to do so. In contrast, corporations would continue to be able to have their voice heard through contributions to organizations such as Ethical Oil,

EthicalOil.org, an energy-sector promoter... also formally complained about three of the five environmental groups caught in the first wave of audits — suggesting their letters turned into CRA leads.⁸

industry associations, etc. and deduct all their contributions directly from their pre-tax gross incomes. As a result, Canadians would be subsidizing corporate voices through their governments receiving lower corporate tax revenue but would not have any ability to receive any personal benefit from contributing to the groups and views that they as citizens support.

THE TIME TO ACT IS NOW

The ability of Canadians to engage in important debates about social justice, liberty, poverty and the environment depends on charities providing an avenue for their ideas and magnifying their voice.

We can have a brighter future where Canadians voices are heard and embraced but only if the attacks end and charities are protected by new, better laws and policies that value their positive contributions to Canadian life.

HERE'S HOW YOU CAN SHOW SUPPORT FOR CHARITIES. TAKE ACTION:



Sign our petition congratulating the federal government for ending the program of political activities audits. Ask the federal government to end audits started under the previous government and to support legislation that will enable charities to continue their important work on public policy issues.

REFERENCES

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This report is a joint initiative of leading Canadian organizations working together to preserve and enhance the role of Canadian charities in public policy discussions. Together, these groups represent the voices of hundreds of thousands of Canadians.

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