

**MOWAT
NFP**

Navigating the Roadmap for Change

Advancing the Senate
Committee's Recommendations
for a Stronger Charitable Sector

BY LISA LALANDE & JOANNE CAVE

munkschool
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Authors

Lisa Lalande
EXECUTIVE DIRECTOR

Joanne Cave
SENIOR POLICY ANALYST



Mowat NFP undertakes collaborative policy research on the social sector, bringing a balanced perspective to examine the challenges facing today's sector and to support its future direction.



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“Within the current system, charities and nonprofits operate in a policy environment that constrains their ability to meaningfully address significant social, economic and environmental issues”

1

Introduction

Charities and nonprofit organizations operate in a complex and constrained environment. Across the country, they struggle with onerous and confusing policy regimes, rules and regulations, particularly at the federal level. Historically, the federal government's approach¹ has focused on mitigating risks and ensuring compliance rather than enabling the sector's potential.²

Why does this matter to Canadians? Within the current system, charities and nonprofits operate in a policy environment that constrains their ability to meaningfully address significant social, economic and environmental issues. By enabling the sector's potential rather than limiting it, charities and nonprofits can be an important ally to the federal government in tackling the most complex issues facing Canada today.³



1 Primarily through the Canada Revenue Agency.

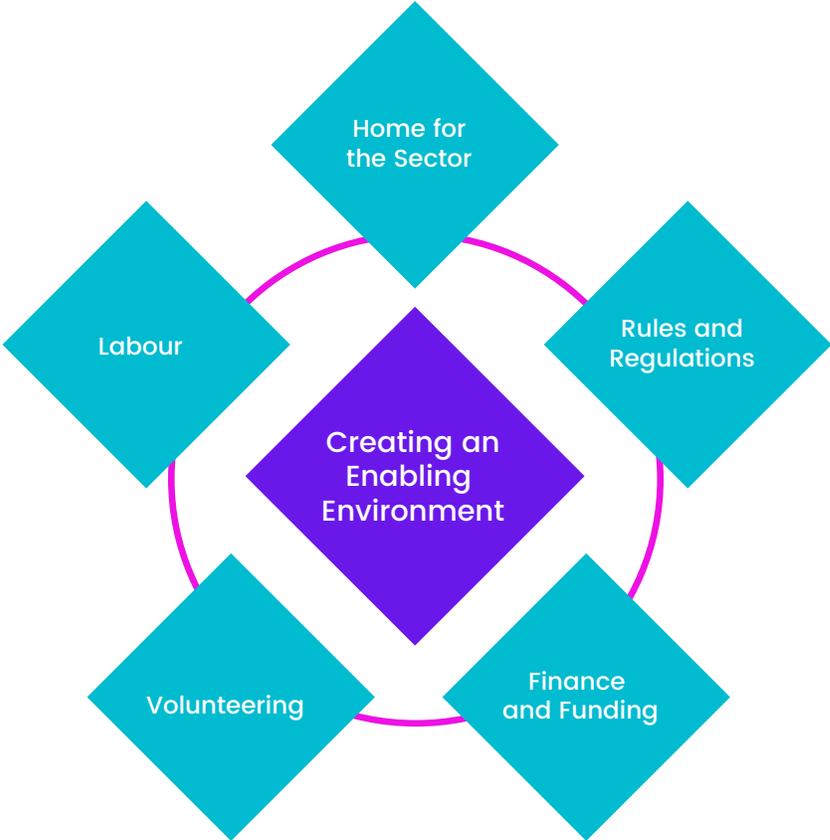
2 Cave, J. and Lalande, L. (2019). Breaking the Inertia: Repositioning the Government-Sector Partnership. Toronto: Mowat Centre. <https://mowatnfp.ca/2019/01/breaking-the-inertia/>.

3 Cave, J. and Lalande, L. (2019). Breaking the Inertia: Repositioning the Government-Sector Partnership. Toronto: Mowat Centre.

A Special Senate Committee on the Charitable Sector (CSSB) was established in January 2018 to examine the impact of federal and provincial laws on the sector and examine the impact of the voluntary sector in Canada. The Committee held extensive consultations with sector stakeholders,⁴ covering five key areas (See Figure 1).

The result was a report, *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*, which was released on June 20, 2019 (“CSSB Report”). The Committee identified 42 recommendations and succeeded in providing an accessible overview of complex subject matter and highlighting points of consensus on specific issues among sector stakeholders. While there were some issues that were underexplored (see Appendix A for additional information), overall, the report serves as a “roadmap to ensure that genuine change is delivered so that the sector can reach from great to exceptional.”⁵

FIGURE 1
Key Areas in CSSB Report



4 Special Senate Committee on the Charitable Sector (2019). *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*. Ottawa: Senate of Canada. <https://sencanada.ca/en/committees/cssb/>. The consultations included public hearings with over 160 witnesses, written briefs from more than 90 individuals and organizations, and an e-consultation with a total of 695 respondents.

5 Special Senate Committee on the Charitable Sector (2019). *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*. Ottawa: Senate of Canada. <https://sencanada.ca/en/committees/cssb/>.

Notably, many of the issues covered by the CSSB's work have been the focus of previous reform efforts (See Figure 2).

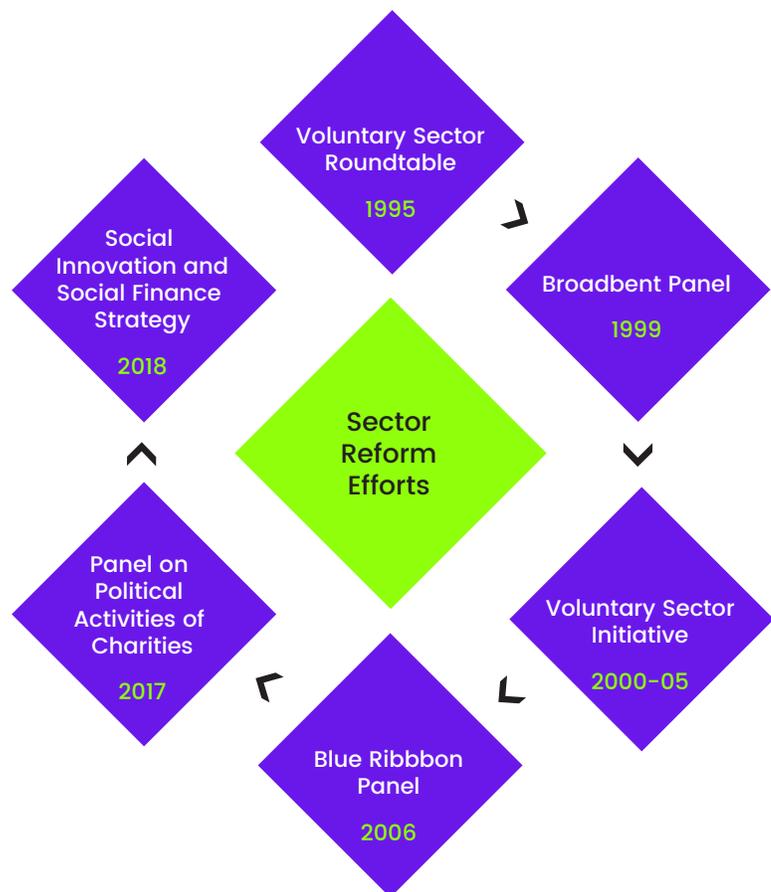
All of these previous reform efforts focused on modernizing the federal government's relationship to the sector. With the exception of the political activities reform,⁶ previous efforts have fallen short in bringing about the desired change.

How can the sector and federal government avoid the same fate with the release of the CSSB Report? The sheer number of recommendations is overwhelming. They fall under the responsibility of at least 8 government departments/agencies (see Appendix B for a summary).

The next question to explore is which of the 42 recommendations should be prioritized in the short-term and who should be responsible for their implementation. It is not within the CSSB's mandate to address these questions. Alongside federal government departments, sector stakeholders have an important role in advancing these recommendations and providing a clear case to move forward. The key question now is, "Where do we go from here?"

FIGURE 2

Prior Sector Reform Efforts



⁶ In March 2019, the Minister of National Revenue responded to the Report of the Consultation Panel on Political Activities, stating how the Government is addressing the Panel's four recommendations. See <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/whats-new/government-response-report-consultation-panel-political-activities.html>. Bill-C86, which received Royal Assent in December 2018, fulfills the Panel's third recommendation by allowing charities to engage in non-partisan political activities without limitation.



“Policy agendas that are too broad and ambitious lack focus and direction, which can lead to inaction”⁷

⁷ Cave, J. and Lalande, L. (2019). Breaking the Inertia: Repositioning the Government-Sector Partnership. Toronto: Mowat Centre at p. 12.

2

Learning from Past Reform Efforts

During the Special Senate Committee on the Charitable Sector (CSSB) hearings, many sector leaders reiterated some of the key challenges and lessons learned from previous reform efforts. This section explores why meaningful, lasting reform of the government-sector relationship has been so difficult to achieve by drawing on their comments and reflections and Mowat NFP's research findings from the *Enabling Environment* series.

By anticipating the following potential roadblocks, federal public servants and sector leaders can move the CSSB recommendations forward in a thoughtful and strategic way:

New governments and changing political priorities

With a federal election on the horizon, it is possible that the CSSB Report recommendations may get lost amidst potentially changing political priorities. Changing governments were one of the most significant roadblocks for the implementation of the Voluntary Sector Initiative (VSI) recommendations in the early 2000s and the long-term viability of New Brunswick's Community Non-Profit Organizations Secretariat.⁸ The progress of the former Charities Advisory Committee (now called the Advisory Committee on the Charitable Sector, or ACCS) in the Canada Revenue Agency was also lost due to changing political priorities when it was disbanded in 2006.⁹

To address this risk proactively, the sector should monitor new political developments and vigilantly advocate for key reform efforts to be implemented/continued, particularly if they are more politically contentious. The *Income Tax Act* amendments in Bill C-86 to permit charities' participation in policy advocacy is one example of a reform issue that was highly politicized and risks being reversed in the future. It may be beneficial for sector advocates to invest additional effort in building support for this work (and broader reform efforts) across partisan lines - the absence of which was a weakness of the VSI process.¹⁰

8 Cave, J. and Lalande, L. (2019). *Breaking the Inertia: Repositioning the Government-Sector Partnership*. Toronto: Mowat Centre at p. 12-13.

9 Carter, Terrance S. and Hoffstein, M. E. (2006). "2006 Charity and Not-for-Profit Law Developments: The Year in Review". *Charity Law Bulletin* No. 107. <http://www.carters.ca/pub/bulletin/charity/2007/chylb107.htm>; McGregor-Lowndes, M. & Wyatt, B. (eds). (2017). *Regulating Charities: The Inside Story*. New York: Routledge.

10 Johnston, P. (2013). "A Retrospective Look at The Voluntary Sector Initiative (VSI): What Lessons Did We Learn?". *The Philanthropist* 25(1) at p. 21-31. <https://thephilanthropist.ca/original-pdfs/Philanthropist-25-1-512.pdf>.

Lack of sector consensus about reform priorities

During the CSSB hearings, many organizations focused their advocacy on specific issues/ barriers that were impeding their day-to-day work. While these contributions were very valuable, it resulted in broad list of reforms from volunteering and funding to legislative and regulatory renewal.

In reviewing preliminary sector responses to the CSSB Report (listed in Appendix C), Mowat NFP has observed a lack of alignment on priority recommendations. This lack of consensus reflects different philosophies about how to best reform the government-sector relationship. As the Muttart Foundation emphasized in their CSSB submission, there is a clear tension between “catching up” outdated legislation and policy to meet the sector’s current needs and proactively anticipating and addressing the sector’s future needs.¹¹

The 26 recommendations that emerged from the VSI were also characterized as overly ambitious, “overwhelm[ing] the capacity of both federal and voluntary sector representatives to address them all effectively.”¹² Unfortunately, four-year election cycles constrain the ability of public servants to advance multi-year policy reform agendas. The government will unlikely tackle all 42 recommendations from the CSSB Report. The sector will benefit immensely from streamlining and prioritizing the CSSB recommendations in a strategic way.

In this paper, Mowat NFP’s proposals for priority recommendations focus on short-term wins with widespread sector support that could build momentum and lay the groundwork for deeper, more transformative sector reform in the future. Both are possible.



Mowat NFP’s proposals for priority recommendations focus on short-term wins with widespread sector support that could build momentum and lay the groundwork for deeper, more transformative sector reform in the future.

11 Muttart Foundation (2018). “Submission to the Special Committee of the Senate on the Charitable Sector”. Edmonton: Muttart Foundation. <https://www.muttart.org/wp-content/uploads/2018/10/Muttart-Submission-Oct-2018.pdf>.

12 Johnston, P. (2013). “A Retrospective Look at The Voluntary Sector Initiative (VSI): What Lessons Did We Learn?”. *The Philanthropist* 25(1) at p. 21-31.



“To realize the promise of this report, sector leaders are going to need to find a balance between advocating for their individual organization’s interests and supporting a common set of priorities. Hopefully, this will be seen as a complementary effort, not an ‘either/or’ approach”

Bruce MacDonald,
PRESIDENT AND CEO, IMAGINE CANADA

3

The Way Forward: Navigating the Roadmap

One starting point for determining priorities and accountability mechanisms is to identify which recommendations require further sector engagement and which do not. These could then be organized further based on potential for impact and likelihood of government support.

Based on this, Mowat NFP organized the Special Senate Committee on the Charitable Sector's (CSSB) recommendations into the following categories:

- Recommendations that the federal government can act on immediately due to extensive previous sector consultation. No additional consultation needed.
- Recommendations that could be considered by the newly created Advisory Committee on the Charitable Sector (ACCS) and its working groups.¹³
- Recommendations that require deeper/broader sector consultation, which could take additional time to advance. In other words, input from ACCS or its working groups would be insufficient. Broader sector consultation may involve multiple stakeholder groups including the soon-to-be formed Social Innovation Advisory Council (SIAC)¹⁴ and/or larger national forums, online platforms, or panels such as the Consultation Panel on the Political Activities of Charities (2017). These types of recommendations would, ideally, be supported by the proposed Secretariat within the Ministry of Innovation, Science and Economic Development.

¹³ Government of Canada (2019). "Advisory committee on the charitable sector". <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/corporate-reports-information/advisory-committee-charitable-sector.html>.

¹⁴ Government of Canada (2019). "Apply to be a member of the Social Innovation Advisory Council". <https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/call-applications.html>.

The table in Appendix D summarizes our analysis¹⁵ of the CSSB recommendations based on this categorization. There are:

- 24 recommendations that the federal government can act on immediately.
- 11 recommendations that can be considered by the ACCS. This list could guide or inform the focus of the ACCS once it is established (see below for additional information).
- 7 recommendations that require broader sector engagement beyond the ACCS and could be part of a longer-term advocacy strategy with government.

Connecting the Dots: Crafting the Ideal Process for Reform

The ACCS's role is to provide a forum for the federal government "to engage in meaningful dialogue with the charitable sector, to advance emerging issues relating to charities, and to ensure the regulatory environment supports the important work that charities do."¹⁶ The specific focus of the committee has not yet been defined and it has not yet been formed beyond the co-chairs or had its first meeting. Once it is established, the committee will advance its recommendations and report to the Minister of National Revenue and the Commissioner of the Canada Revenue Agency (CRA).¹⁷

As the ACCS is located within the Canada Revenue Agency, it is well-placed to discuss issues that fall within the responsibility of the tax regulator. However, the Minister of National Revenue and the Commissioner of the Canada Revenue Agency will have limited ability to assist with policy coordination across ministries/agencies on relevant sector issues, implement recommendations from the Committee relating to non-legislative and regulatory issues or hold other departments accountable for their commitments to the sector.

The proposed Secretariat could assume greater responsibility for enabling the sector. It could take a whole-of-government approach to delivering on the 42 recommendations in the CSSB Report. It could assist with broader sector consultation in addition to supporting cross-ministerial collaboration.¹⁸

¹⁵ The categorization was determined by reviewing past sector reform consultation records, reports and specific recommendations, previous sector convening notes/reports and other recent sector responses to the CSSB Report. It is also based on Mowat NFP's research and analysis as part of the [Enabling Environment series](#).

¹⁶ Government of Canada (2019). "Engaging in meaningful dialogue with the charitable sector". <https://www.canada.ca/en/revenue-agency/campaigns/engaging-charitable-sector.html>.

¹⁷ Government of Canada (2019). "Advisory committee on the charitable sector". <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/corporate-reports-information/advisory-committee-charitable-sector.html>.

¹⁸ Special Senate Committee on the Charitable Sector (2019). *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*. Ottawa: Senate of Canada at p. 61-62.



Notably, the CSSB Report did not explore how the federal government could collaborate with provincial governments to coordinate policy initiatives on sector issues. The proposed secretariat, if created, could also support federal-provincial collaboration efforts. Some recommendations that could occur in partnership with or at the provincial level include:

- **Recommendation 18** - creating a funding stream to incent organizations to develop shared technologies to manage operations.
- **Recommendation 3** - seeking ways to alleviate financial burden for needed police checks.
- **Recommendation 5** - supporting the development of portable pensions.

While it has not yet formed, the SIAC's mandate will be to provide advice to the government on social innovation and social finance approaches.¹⁹ The Council will be located within Employment and Social Development Canada (ESDC) and will likely experience similar challenges as the ACCS. To promote collaboration across the two entities, it may be beneficial to cross-appoint some members to both ACCS and SIAC.

¹⁹ The call for membership for applications is underway. The government will announce final membership in fall of 2019.



The CSSB Report is the culmination of decades of research, consultation, advocacy and sector leadership. It offers a rare “policy window” to realize meaningful, lasting change on not-for-profit and charitable sector reform.

4

Next Steps

Based on research and analysis,²⁰ Mowat NFP has identified the following recommendations from the Special Senate Committee on the Charitable Sector (CSSB) as sector priorities.

It is important to acknowledge that there will be divergence. Based on a variety of factors, such as organizational mission, not all sector organizations will reach the same conclusions about which recommendations need to be prioritized. This is a testament to the diversity of the sector, and to the numerous and varied important issues that organizations must contend with.

In an effort to contribute towards moving the conversation forward, these five recommendations have been selected as those which most optimally balance strong sector support with high potential for achieving impact. They also do not require extensive federal-provincial coordination.

By implementing these recommendations, the Government of Canada can take an immediate and substantive step towards reforming its relationship with the sector, and thus, create an enabling environment for charities and nonprofits:

1) Recommendation 23 - Amending the *Income Tax Act* to designate the Tax Court of Canada as the appeal body for Canada Revenue Agency Charities Directorate decisions following consideration from the Appeals Directorate

RATIONALE:

Sector leaders continue to advocate for designating the Tax Court of Canada as the appeals body for charitable matters to increase access to justice for organizations facing Canada Revenue Agency (CRA) appeals.²¹ Increasing the accessibility of charitable appeals will improve the depth and rigour of charity law jurisprudence in Canada, providing significant

²⁰ Research and analysis that informed Mowat NFP's prioritization is primarily drawn from its Enabling Environment series, in particular learnings derived from previous sector reform efforts. Prioritization was also informed by analysis of Special Senate Committee meeting transcripts and initial sector responses to the CSSB Report upon its release.

²¹ Muttart Foundation (2018). "Submission to the Special Committee of the Senate on the Charitable Sector". Edmonton: Muttart Foundation; The Pemsel Case Foundation (2018). "Supplementary Submission to the Special Senate Committee on the Charitable Sector." Edmonton: Pemsel Case Foundation. https://sencanada.ca/content/sen/committee/421/CSSB/Briefs/CSSB_PeterBroder_e.pdf.

long-term benefits for the sector.²² This amendment could be made in conjunction with other *Income Tax Act* amendments and introduced in conjunction with Recommendation 24 (providing measures to assist charitable organizations with the appeals process).

2) Recommendation 28 - Directing the Canada Revenue Agency to launch a pilot project to assess the viability of the “destination of funds” test for earned income

RATIONALE:

This is another recommendation that is the product of sustained research, consultation and advocacy by sector leaders.²³ The CSSB recommendation encourages the CRA to use a “regulatory sandbox” approach²⁴ through pilot projects to incrementally experiment with *Income Tax Act* amendments before introducing them more broadly. This recommendation provides an opportunity to address one of the most significant barriers to charities relying on earned income.

Using regulatory sandboxes to explore new regulatory models

Committing to using regulatory sandboxes will embed a deeper culture of experimentation within the CRA. Recommendations 31 (allowing gifts to non-qualified donees) and 34 (exempting donations of private shares from the capital gains taxes) are other examples of CSSB recommendations that incorporate pilot projects/regulatory sandboxes that could be considered in the short- to medium-term.

3) Recommendation 16 - Prioritize data about the charitable and nonprofit sector in all Statistics Canada surveys; and support collaboration with the sector to determine additional data needs (collection and dissemination).

RATIONALE:

There are significant gaps in the available statistical data on the nonprofit labour market and the economic impact of the sector, making it difficult to support effective planning. The lack of data also compromises our ability to understand the sector’s contribution and impact on society and make evidence-informed policy decisions.

²² Cave, J. and Lalande, L. (2019). *Breaking the Inertia: Repositioning the Government-Sector Partnership*. Toronto: Mowat Centre at p. 30.

²³ See BC Centre for Social Enterprise (2012), “Empowering non-profits to unleash maximum impact: the destination of profits test in Canada”. https://community.socialinnovation.ca/sites/default/files/destination_test_in_canada_bccse_sept_2012.pdf; Muttart Foundation (2018). “Submission to the Special Committee of the Senate on the Charitable Sector”. Edmonton: Muttart Foundation.

²⁴ See Farthing-Nichol, D., Lalande, L. & Cave, J. (2017). *Turning a Corner: Laying the Groundwork for Charity Regulatory Reform in Canada*. Toronto: Mowat Centre at p. 13. <https://mowatnfp.ca/2017/06/turning-a-corner/>.

4) Recommendation 10 - Creating ministerial policies to require departments and agencies to compensate nonprofit and charitable organizations for the full administrative cost of program delivery

RATIONALE:

Failing to account for the administrative cost of program delivery has caused various other systems-wide issues, including job precarity and the absence of “decent work” conditions for staff, a lack of organizational capacity for measurement, evaluation and fund development and a lack of stability in programs and service offerings for beneficiaries.²⁵

5) Recommendation 12 - Mandating the Treasury Board Secretariat to ensure that grants and contributions agreements provide for a minimum of 2 years of funding (renewable as appropriate) and the level of reporting is proportionate with the complexity of the funding agreement

RATIONALE:

The sector has experienced significant challenges with the short timeframes for grants and contributions agreements and resulting reporting burden.²⁶ Fortunately, the Treasury Board Secretariat is currently undergoing a multi-year process to reform the administration of grants and contributions agreements.²⁷ This recommendation will help to consolidate decades of reform efforts and provide a cross-government benchmark for the duration of funding agreements to provide consistency and predictability for the sector in the future.

This paper provides a framework for prioritization and agenda-setting, meant to support the sector in developing a clear, focused and streamlined roadmap for change with short and long-term priorities. Our work together is only beginning.

25 Scott, K. (2003). *Funding Matters: The Impact of Canada’s New Funding Regime on Nonprofit and Voluntary Organizations*. Ottawa: Canadian Council on Social Development.

26 Voluntary Sector Initiative (2002). *Setting the Agenda: Moving Forward on Financing*. Ottawa: Voluntary Sector Secretariat. http://www.vsi-isbc.org/eng/funding/pdf/moving_forward.pdf at p. 4; Treasury Board of Canada Secretariat. (2006). *From Red Tape to Clear Results: The Report of the Independent Blue Ribbon Panel on Grants and Contributions Programs*. <http://publications.gc.ca/collections/Collection/BT22-109-2007E.pdf>

27 Government of Canada (2018). “Plan to Reform the Administration of Grants and Contributions Programs: 2017 Results Report”. <https://www.canada.ca/en/treasury-board-secretariat/corporate/reports/second-assessment-reform-administration-grant-contribution-programs-2017-results-report.html>.

A “home” for the sector

The sector has long advocated for a “home” within the federal government to assist with consultation and cross-ministerial policy coordination, particularly to create an enabling environment for the sector.

The CSSB Report includes a recommendation on creating a secretariat for the sector within the Ministry of Innovation, Science and Economic Development (Recommendation 22). There are pros and cons to placing it in this location.²⁸ Previous Mowat NFP research recommended locating it within a central agency as this would enable it to take a “whole-of-government” approach and more effectively engage in horizontal problem-solving.²⁹ Enshrining a home for the sector (and its funding model) in legislation would also provide longer-term accountability, but this was not explored in the CSSB Report.

Our research suggests there is little consensus from the sector on the ideal location within government. Rather, its success will be predicated on its political influence, its leadership capabilities, and the interests of the government of the day.

While it is unlikely this will be advanced in the short-term, moving forward with the recommendation for a secretariat regardless of the location will provide capacity for the federal government to consult/seek additional sector input for the other recommendations in the CSSB Report and collaborate with provincial governments on policy issues as needed.³⁰ More importantly, it will pave the way for an enabling environment for the sector that is better positioned to achieve the best possible outcomes for Canadians.

28 Cave, J. and Lalande, L. (2019). *Breaking the Inertia: Repositioning the Government-Sector Partnership*. Toronto: Mowat Centre at p. 33.

29 Cave, J. and Lalande, L. (2019). *Breaking the Inertia: Repositioning the Government-Sector Partnership*. Toronto: Mowat Centre at p. 27-28.

30 Cave, J. and Lalande, L. (2019). *Breaking the Inertia: Repositioning the Government-Sector Partnership*. Toronto: Mowat Centre at p. 34.

Appendices

Appendix A: Underexplored Issues in the Special Senate Committee on the Charitable Sector's Report

While the Special Senate Committee on the Charitable Sector (CSSB) released a comprehensive report, there were some underexplored issues that would benefit from further, long-term attention long-term after the short-term CSSB priorities have been addressed.

Some of these underexplored issues include:

+ **Scaling up social innovation and social finance:**

Recommendation 14 called for support to encourage innovation in the sector, but the CSSB Report did not recommend direct links between the not-for-profit sector and the Social Innovation and Social Finance Strategy Co-Creation Steering Group's recommendations, including the Social Finance Fund.

+ **Enshrining regulating and enabling roles in legislation:**

The CSSB Report did not propose options to enshrine some of the proposed recommendations in legislation to ensure permanence (e.g. introducing new legislation to formalize the creation of the secretariat and its annual reporting function). The Report also did not explore accountability functions, such as creating a Standing Joint Committee within the House of Commons and Senate.

+ **Facilitating sector involvement in evidence-based policymaking:**

The CSSB Report did not explore the sector's role in generating and mobilizing evidence to inform policymaking and program delivery in significant depth.

+ **Engaging sector umbrella organizations:**

The CSSB Report did not discuss how to formalize the role of sector umbrella organizations in executing its recommendations (e.g. embedding their role formally in the proposed secretariat or earmarking funding for umbrella organizations to support sector consultation).

Appendix B:

Special Senate Committee on the Charitable Sector Recommendations by Government Department/ Agency Involvement

Federal Government Department/ Agency	CSSB Recommendations
Treasury Board of Canada	<ul style="list-style-type: none"> • Volunteer costs covered in contribution agreements (Recommendation 2) • Cover administrative costs associated with federally-funded service delivery (Recommendation 10) • Access to initiatives providing overhead and infrastructure supports (Recommendation 11) • Grants and contribution agreements cover minimum two years, and application and reporting requirements proportionate to level of funding (Recommendation 12) • Standardized reporting categories and online tool for reporting (Recommendation 13) • Remove barriers to procurement, particularly for smaller organizations (Recommendation 15) • Establish a funding stream for projects to incent organizations to develop shared technologies to manage their administrative requirements (Recommendation 18)
Public Safety	<ul style="list-style-type: none"> • Seek ways to alleviate financial burden resulting from police checks on volunteers (Recommendation 3)
Finance	<ul style="list-style-type: none"> • Support the development of portable pensions (Recommendation 5) • Review existing tax measures available to individual donors (Recommendation 9) • Review common law meaning of charity and enact legislation to broaden legal meaning of charity (Recommendation 25) • Review the <i>Income Tax Act</i> provisions governing registered charities every five years (Recommendation 32) • Study the extent to which the donation of non-environmental real estate could be incentivized without undermining the Ecological Gifts Program (Recommendation 35) • Examine advantages and disadvantages of amending disbursement quota for registered charities, and advantages and disadvantages of setting disbursement quota in regulation (Recommendation 36) • Consider means of ensuring donations do not languish in DAFs (Recommendation 37) • Review whether ITA should distinguish between public benefit and member benefit not-for-profit organizations (Recommendation 40)
Labour Canada	<ul style="list-style-type: none"> • Implement human resources renewal plan (Recommendation 6)

<p>Canada Revenue Agency (CRA)</p>	<ul style="list-style-type: none"> • Include questions on T3010 and T1044 regard board diversity (Recommendation 8) • Explore additional information that could be collected via T3010 (Recommendation 17) • Explore modifying CRA restrictions on accessing other forms of capital, and make federally funded initiatives with respect to innovation available to not-for-profit organizations (Recommendation 19) • CRA take steps to improve relationship with sector, including increased transparency and reductions in application and reporting burden for not-for-profit organizations (Recommendation 20) • Advisory Committee include wide range of organizations on its working groups (Recommendation 21) • Appeals to the Tax Court for hearing de novo (Recommendation 23) • Measures to assist organizations with CRA appeals process (Recommendation 24) • Review policy considerations relating to qualified donee and tax preferred status (Recommendation 26) • Replace the current categories of registered charity with two new categories: public charity and private charity (Recommendation 27) • Pilot project to assess the viability of granting registered charities greater latitude in undertaking revenue-generating activities through the implementation of a “destination of funds” test (Recommendation 28) • CRA update policy statement CPS-019 (What is a related business) to provide greater clarity on permissible revenue generation activities for registered charities (Recommendation 29) • CRA revise Guidance CG002 “Canadian registered charities carrying out activities outside Canada” to shift focus to “expenditure responsibility test” (Recommendation 30) • Pilot project to allow registered charities to make gifts to non-qualified donees in certain limited circumstances (Recommendation 31) • Consider which activities registered charities should not be allowed to carry out and prescribe them through precisely defined statutory prohibitions (Recommendation 33) • Pilot project on the impact on the charitable sector of exempting donations of private shares from capital gains tax (Recommendation 34) • CRA revise its interpretation of the “not-for-profit purpose rule” to provide greater clarity and certainty regarding the extent to which it is permissible for not-for-profits to hold surplus income (Recommendation 38) • Amendment to ITA to allow public disclosure of information on T1044 (Recommendation 39) • Review impact of anti-spam legislation on charities and charity-like organizations (Recommendation 41) • Review “ineligible individual” provisions set out in section 149.1(1) of the <i>Income Tax Act</i> (Recommendation 42)
<p>Employment and Social Development Canada (including through Social Finance Fund Advisory Group)</p>	<ul style="list-style-type: none"> • Support innovation across charitable and not-for-profit organizations (Recommendation 14)
<p>Statistics Canada</p>	<ul style="list-style-type: none"> • Prioritize data about sector in Statistics Canada surveys; and work with sector on additional data collection needs (Recommendation 16).

Innovation, Science, and Economic Development	<ul style="list-style-type: none"> • Develop secretariat on the sector (Recommendation 22).
Heritage	<ul style="list-style-type: none"> • Develop national volunteer strategy (Recommendation 1) • Recognition programs for volunteers (Recommendation 4)
Specific Department/Agency Not Specified	<ul style="list-style-type: none"> • Reinstate HR Council for the Voluntary Sector or similar body (Recommendation 7)

Appendix C: Sector Responses to Special Senate Committee on the Charitable Sector Report³¹

For additional sector commentary on the Special Senate Committee's report, please visit the following:

- Association of Fundraising Professionals: "[Delving into the Senate Charitable Sector Report](#)"
- Canadian Association of Gift Planners: "[Reflections from CAGP on the final report from the Special Senate Committee on the Charitable Sector](#)"
- Imagine Canada: "[Our Highlight Reel: Senate Report Seeks Reforms for Charities](#)"
- John Lorinc: "[Special Report: The Senate Wades into Charity Policy](#)."
- Mark Blumberg (Blumberg Segal LLP): "[Senate releases report today on the non-profit and charitable sector](#)"
- Miller Thomson: "[Senate Special Committee Releases Eagerly Awaited Report on the Charitable Sector](#)"
- Nonprofit Quarterly: "[NPQ North: What Shouldn't a Charity Be Allowed to Do?](#)"
- Ontario Nonprofit Network: "[A Roadmap to a Stronger Charitable Sector: What the report means for the sector](#)"
- PwC Canada: Point of view: PwC Canada's perspective on the Senate of Canada's report "[Catalyst for Change: A Roadmap to a Stronger Charitable Sector](#)"
- Tonya Surman (in Future of Good): "[3 Radical Ideas from the Senate that Nonprofit Leaders Should Know](#)"

³¹ Covering June 20, 2019-July 10, 2019.

Appendix D:

CSSB Recommendations By Level of Stakeholder Involvement

Government of Canada Can Act Immediately (24 Recommendations)	Advisory Committee on the Charitable Sector Consultation Required (11 Recommendations)	Broader Sector Engagement/ Research Required (7 Recommendations)
<ul style="list-style-type: none"> • Reco 2: Volunteer costs covered in contribution agreements • Reco 4: Recognition programs for volunteers • Reco 5: Support the development of portable pensions* • Reco 7: Reinstate HR Council for the Voluntary Sector or similar body • Reco 8: Include questions on T3010 and T1044 regard board diversity • Reco 10: Cover administrative costs associated with federally-funded service delivery • Reco 11: Access to initiatives providing overhead and infrastructure supports • Reco 12: Grants and contribution agreements cover minimum two years, and application and reporting requirements proportionate to level of funding • Reco 14: Support innovation across charitable and not-for-profit organizations • Reco 15: Remove barriers to procurement, particularly for smaller organizations • Reco 16: Prioritize data about sector in Statistics Canada surveys • Reco 18: Establish a funding stream to incent organizations to develop shared technologies to manage their administrative requirements 	<ul style="list-style-type: none"> • Reco 3: Seek ways to alleviate financial burden resulting from police checks on volunteers • Reco 17: Explore additional information that could be collected via T3010 • Reco 19: Explore modifying CRA restrictions on accessing other forms of capital, and make federally funded initiatives with respect to innovation available to not-for-profit organizations • Reco 20: CRA take steps to improve relationship with sector, including increased transparency and reductions in application and reporting burden • Reco 21: Advisory Committee include a wide range of organizations on it's working groups • Reco 24: Measures to assist organizations with appeals process • Reco 26: Review policy considerations relating to qualified donee and tax preferred status • Reco 33: Consider which activities registered charities should not be allowed to carry out and proscribe them through precisely defined statutory prohibitions 	<ul style="list-style-type: none"> • Reco 1: Develop national volunteer strategy • Reco 6: Develop and implement a human resources renewal plan • Reco 9: Review existing tax measures available to individual donors • Reco 13: Standardized reporting categories and online tool for reporting • Reco 25: Review common law meaning of charity and enact legislation to broaden legal meaning of charity • Reco 37: Consider means of ensuring donations do not languish in DAFs • Reco 40: Review whether ITA should distinguish between public benefit and member benefit not-for-profit organizations

<ul style="list-style-type: none"> • Reco 22: Develop secretariat on the sector • Reco 23: Appeals to the Tax Court for hearing de novo • Reco 27: Replace the current categories of registered charity with two new categories: public charity and private charity • Reco 28: Pilot project to assess the viability of granting registered charities greater latitude in undertaking revenue-generating activities through the implementation of a “destination of funds” test • Reco 29: CRA update policy statement CPS-019 (What is a related business) to provide greater clarity on permissible revenue generation activities • Reco 30: CRA revise Guidance CG002 “Canadian registered charities carrying out activities outside Canada” to shift focus to “expenditure responsibility test” • Reco 32: Review the Income Tax Act provisions governing registered charities every five years • Reco 31: Pilot project to allow registered charities to make gifts to non-qualified donees in certain limited circumstances • Reco 35: Study the extent to which the donation of non-environmental real estate could be incentivized without undermining the Ecological Gifts Program • Reco 34: Pilot project on the impact on the charitable sector of exempting donations of private shares from capital gains tax • Reco 38: CRA revise its interpretation of the “not-for-profit purpose rule” to provide greater clarity and certainty regarding the extent to which it is permissible for not-for-profits to hold surplus income 	<ul style="list-style-type: none"> • Reco 36: Examine advantages and disadvantages of amending disbursement quota for registered charities, as well as of setting disbursement quota in regulation • Reco 41: Review impact of anti-spam legislation on charities and charity-like organizations. • Reco 42: Review “ineligible individual” provisions set out in section 149.1(1) of the ITA 	
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