

Charities upset over accountability comments

Bill Curry, *Globe and Mail*, Saturday, Oct. 29

Charities are enthusiastic about the Conservative government's plan to consider expanding tax breaks for their donors, but are concerned by suggestions that they need to be more accountable.

The *Globe and Mail* reported on Friday that Ottawa is taking a close look at reforming charity rules and drawing inspiration from Big Society experiments on social investing under way in the United Kingdom.

The Conservatives have used their majority on the House of Commons' finance committee to approve a study of whether to change Canada's charitable tax credits to encourage more giving. The review is expected to take a broad look at expanding the tax credit, and study a specific proposal to extend the capital-gains exemption to private company shares and real-estate donated to a charitable organization.

"I think it's a good idea that the government takes a look at the tax framework and freeing up, perhaps, some more income for charities and not-for-profits. I think that's a good idea. It's long overdue," said David Lord, who has worked for about 25 years on federally funded non-profit international peace projects.

But Mr. Lord and others in the sector expressed concern and confusion over reported comments from Human Resources Minister Diane Finley, who said the first concrete change will be to test a new grants system that would give extra money to groups that meet performance targets.

"Right now ... they receive the money whether they achieve their objectives or not," Ms. Finley told *The Globe and Mail*. "Now we're saying, 'All right, we still want you to do this, but you get more money if you actually achieve the objectives.'"

Betty Plewes, a former president of the Canadian Council for International Co-operation, who has spent most of her career in the voluntary sector, disputed the statement that charities don't have to meet objectives.

"This is just not true. It doesn't work that way. There's a whole process of application and evaluation and approvals," Ms. Plewes said.

But Greg Thompson, director of research at Charity Intelligence, believes there is room for charities and government to be more accountable about how taxpayer dollars are spent. Mr. Thompson's organization attempts to help charitable donors by researching and reporting on which charities use their donations most effectively.

"We've heard many times from charities and from a number of people in the sector that it's not something that needs to be done or should be done, but we absolutely believe otherwise," he said. Mr. Thompson agreed that charities do pledge to meet certain targets, but in his view, it

would be a welcome exercise for all parties to review the system so that they are using more useful yardsticks.

“I saw this as a great announcement from the standpoint that at least the government agencies are thinking about the right kinds of questions and not just wanting to give money out because organizations are asking for it,” he said.

Political reaction in Ottawa focused on what the minister’s comments will ultimately mean for charitable funding during an era of spending restraint. Both the NDP and Liberals said they are concerned that talk of reform is really a signal that charities are in line for spending cuts.

Ms. Finley’s spokesperson, Alyson Queen, stressed that the government is not making major changes at this time.

“These are early days in our discussions about social partnerships, and we are not embarking upon sweeping changes to charitable organizations as indicated by the NDP,” she said in a statement. “We are working on behalf of Canadians to reach out to innovative organizations, test new approaches that will build upon our current efforts and potentially unlock new sources of capital to address social challenges in our communities. We have robust accountability and reporting standards in place already. However, we must continue to look for new ways to achieve even greater results with taxpayers’ hard-earned dollars.”