

David Oyler

*Working with charitable organizations to
develop and enhance capacity to effectively deliver their programs and services.*

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Kevin Pittman
Committee Clerk / Greffier de comité
SENATE OF CANADA | SÉNAT DU CANADA
Committees Directorate/Direction des comités
Room 1031, Chambers Bldg/Pièce 1031, édifice Chambers

RE: Special Committee - Charity Sector

Dear Sir:

I respectfully request to appear before this committee to present information relevant to its mandate. I have suggestions to strengthen the overall effectiveness of the charity sector and would like to comment on potential changes to federal legislation governing charities advocated for by various groups connected to the charity sector.

I am a consultant based in Halifax with a focus on fundraising/revenue development and providing practical guidance on Canada Revenue Agency (CRA) policy for registered charities.

My CRA policy service is a continuation of my involvement in CRA's Charity Partnership and Outreach Program (CPOP) from 2010 to 2012. As I believe that community impact is a corollary of independent regulatory oversight of the charity sector, as a volunteer, I launched the Atlantic Charities Initiative in 2016 to help build even greater awareness of CRA policy among charities in the Atlantic Provinces. Also on a volunteer basis, I periodically contribute articles and perspectives on issues facing the sector.

I would refer you to my website <http://www.oylerconsulting.ca> for complete information about my services, volunteerism, and articles.

I have two suggestions to strengthen the charitable sector:

(1) Promote collaboration, partnerships and potential mergers among charities to reduce overall sector expenses

In 2016, close to \$21 billion was expended on Management and Administration by registered charities and over \$3 billion on Fundraising. Perhaps these figures could be lowered by easing administrative burdens and fundraising expenses through partnerships and mergers to deliver charitable programs and/or run fundraising initiatives like special events. This would free up more financial and volunteer resources to be used on charitable programs and services. Similar

missions and mandates are not necessarily needed for potential joint ventures as the possibility of umbrella-type charity organizations could also be considered.

I think most individuals who have been in the sector for awhile would agree that the cost of fundraising has increased over the years. As part of my work with CRA's CPOP I analysed the fundraising activities of Atlantic charities and have done informal statistical studies of all Canadian charities. I estimate that while gross fundraising revenues for the whole sector continue to grow, fundraising expenses have been growing at a faster rate. I think the sector would benefit from a formal study of fundraising revenues and expenses for the charity sector over the past 10 to 20 years to identify trends.

(2) Re-establish CRA educational initiatives like CPOP for registered charities

A need for ongoing education and training was identified in the **CPOP Summative Evaluation Report** released in 2011. My presentations on CRA policy seem to be well received by organizations around the region and I have also received positive feedback from the Community Sector Council of Nova Scotia whom I have partnered with in the Atlantic Charities Initiative. I strongly suggest that this be made a priority in any future funding directed to the charities directorate for education purposes.

Comments on suggested changes to federal legislation governing charities

Given my background in delivering CRA policy presentations I have a keen interest in some of the recommendations and suggestions for what would be major, if not foundational, changes to the regulatory environment for registered charities. If it is in the Committee's mandate to study possible changes to legislation, I would suggest caution and to seek guidance from parties outside of the charity sector.

There are two areas of CRA policy that have been mentioned:

(a) *A focus on charities' purposes, rather than activities* was in the **Consultation Panel on the Political Activities of Charities Report** released in March 2017 and endorsed by Imagine Canada. This change would seemingly eliminate the need for charities to abide by the Fundraising Guidance and most notably consideration for the fundraising ratio. It also seemingly opens the door to unlimited business activity rather than business activity being operated under current Related Business policy.

(b) *Allowing for unlimited business activity by registered charities and NPOs* was one of the recommendations made in a MaRs Centre for Impact Investing report released in 2014 and is mentioned in many resources dealing with Social Enterprise. This would seemingly blur or even erase the legal and philosophical line between charities and for-profit entities and also open the door to fundraising without limitations.

From my perspective, I view CRA regulations for registered charities as being reflective of the nature of achieving charitable purposes and, contrary to the groups mentioned above, quite enabling for organizations with public benefit missions. I see no practical reason for these changes and believe they would threaten the high level of trust the public currently has in the charity sector. Given my position as an allied professional I feel I am unencumbered by a

charitable agenda and have a pragmatic and objective viewpoint complimented by years in the private sector.

I do not believe these individuals and groups have a complete understanding of the current regulatory environment in which charities and NPOs operate. In my opinion, they are basing their suggestions primarily on the basis of being informed by CRA they cannot do certain activities rather than through objective evaluation. Given the extent of these possible changes, I would suggest a very thorough examination by qualified external parties. I have written articles that touch on this these topics which can be found at <http://www.oysterconsulting.ca/articles-.html>

Thank you for your attention.

Sincerely,

David Oyler