The Special Senate Committee on the Charitable Sector  
The Senate of Canada  
Ottawa, Ontario, Canada  
K1A 0A4  

December 14, 2018  

Dear Senators:  

I am writing on behalf of the National Campus and Community Radio Association / association nationale des radios étudiantes et communautaires (NCRA/ANREC). We work to ensure stability and support for individual community and campus radio broadcasters and the long-term growth and effectiveness of our sector. We represent more than 100 of Canada’s 180 licensed community stations, including six with charitable status.  

In this submission, we will inform the Committee about the community radio sector in Canada, as well as some of the ways that federal laws and policies governing charities impact it. We also have three recommendations:  

1. Additional charitable purposes should be added to the *Income Tax Act* to allow community radio’s charitable work to be recognized. We include suggestions for changes to the charitable purposes in the *Act* in Appendix A.  

2. Appeals of Canada Revenue Agency (CRA) decisions about charitable status should be moved to the Tax Court of Canada, rather than taking place in the Federal Court of Appeal.  

3. To support the development of new community radio stations by providing access to funding for the initial capital costs. We agree with an innovative approach recommended by other witnesses: allocating funds from dormant bank accounts held by the Canadian public into the Social Innovation Fund.  

**Community Radio in Canada**  

Community radio is defined in the CRTC’s *Campus and Community Radio Policy* as radio that is:  

“owned, operated, managed and controlled by a not-for-profit organization that provides for membership, management, operation and programming primarily by members of the community served.”  

The community radio sector includes both community and campus radio stations (which are required to serve their broader communities in addition to the campus). It employs 800 Canadians and engages more than 10,000 volunteers, who produce more than one million hours of original local programming each year. These stations reach Canadians in English, French, and 65 other languages, including 13 Indigenous languages. Two recent studies suggest that about 7% of Canadians listen to community radio weekly.  

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Community radio contributes to community cohesion and cultural sovereignty and allows Canadians to create programs that speak to their individual and collective interests and community needs. Community radio broadcasters are often the only local source of media, news, and entertainment in their communities; particularly in small, rural, Indigenous, or Official Language Minority communities. Many of these communities are not well-served by CBC/Radio-Canada, and these markets are often deemed not profitable enough for private radio stations to operate in. A few of these communities even lack broadband access.

**Education Is Key**

In the 1970s, several new campus and community radio stations were licensed by the CRTC; some of these evolved from student clubs at universities and obtained charitable status.

CHRY-FM (VX3 Exchange) at York University received charitable status in 1987. The station focuses on developing volunteers’ practical skills using radio and other media platforms. This program is so successful that broadcast training schools in the region sometimes send their students to the station to get real-life broadcasting experience. In Vancouver, BC, CFRO-FM was launched in 1975 alongside a partner organization, the Community Radio Education Society (CRES), which received charitable status. CRES funds and coordinates broadcasting training and education programming exclusively for CFRO-FM, including ‘Set up and Solder’, which is a Women in Technology Training Program that provides instruction, training and hands-on skills for marginalized women looking to enter audio-related technical fields.

It appeared to us that in the 1990s the CRA tightened their interpretation of what constitutes a charity, which led them to conclude that radio stations would no longer be eligible for charitable status. We were informed that between the 1990s and 2005, all stations that applied for charitable status were denied. One community radio charity told us that they “went into hiding” during that period, hoping to avoid attention because they worried that disgruntled community members or volunteers would report the station to the CRA and they might have their charitable status taken away.

In 2003 the CRA issued a policy with respect to broadcasting (Policy CSP-B05). It states that organizations established to provide training in broadcasting, or to provide educational programming, would qualify for registration as a charity under the heading “advancement of education”. Several community stations made applications for charitable status following this update and indicated that they intended to focus their activities on training and education with broadcasting as incidental to those goals, and their applications were denied. Another applied with assistance from a charity lawyer by proposing to incorporate a separate charity that would focus entirely on training and education, similar to CRES described above, and its application was rejected on the basis that the charity would exist solely to serve a broadcaster, and broadcasting is not a charitable activity. These stations did not have the financial capacity to appeal to the Federal Court of Appeal.

Preparing an application for charitable status under the current narrow common law definitions requires considerable time and money, and can be prohibitively difficult, especially for smaller and start up non-profits. We are aware of only one case in the last 25+ years where a community radio station succeeded in obtaining charitable status. That station was CIUT-FM in Toronto, a very large community radio station, which obtained charitable status in 2005 after retaining a lawyer specializing in charity law at considerable expense to help them qualify under an educational mandate. We have not obtained a copy of the application or determined what lessons other community stations can learn from it.
Serving The Public Good
We would like to bring the Committee’s attention to the licensing of Community Radio in the UK under the Communications Act 2003. The Act empowers the British government to licence community radio as long as:

“...the description is of services to be provided primarily for the good of members of the public [emphasis added] or of a particular community, rather than for commercial reasons”.

In addition to this the UK passed the Charities Act 2011, which saw the addition of charitable purposes that better reflect community radio, including Part 1, Chapter 1, Paragraph 3 (e) and (f):

(e) “the advancement of citizenship or community development”; and (f) “the advancement of the arts, culture, heritage or science;”.

Community radio stations in Canada fulfill similar licensing objectives as those in the UK, and the NCRA/ANREC suggests that the committee recommend that the Income Tax Act be amended to include these or similar purposes.

Community stations also promote and support the activities of non-profits and charities in their communities in a variety of ways. For example, CJPE-FM in Prince Edward County, ON gives tens of thousands of dollars worth of airtime to non-profits and charities in the region for free public service announcements each year. Similarly, CJHR-FM in Renfrew, ON has raised over $1 million dollars for local charities through various station-led fundraising initiatives in the last ten years.

Community radio supports social and cultural cohesion in communities by providing a platform for diverse community members to share their perspectives on local issues. For example:

- CKCU-FM in Ottawa, ON has a program created entirely by and for blind and visually impaired people.
- CJRU-AM in Toronto, ON has partnered with a local immigrant and refugee settlement organization to produce a program called “New Canadian Life” which highlights diverse voices and experiences of newcomers to Canada. Show topics range from utilizing employment services to newcomer impressions, to healthcare, to personal stories of immigrating to Canada.
- In 2017, CFMH-FM in Saint John, NB coordinated an on-air “Homelessness Marathon” focused on giving Canadians who are unhoused opportunities to share their experiences and raise awareness about this issue. This 11-hour marathon broadcast was broadcast simultaneously by 17 community radio stations across Canada.
- CJNU-FM in Winnipeg, MB focuses on serving seniors. Every month they relocate their portable studio and broadcast on-location from different retirement homes, hospitals, and other locations serving senior citizens.

In doing research for this submission we spoke with our members about how they contribute to their communities, aside from the programming they broadcast. Several noted that they support their community by providing technical support for church fairs, town hall dances, community soccer tournaments, and assisting with fundraisers. They all noted the importance of being in their communities, supporting not just through broadcasting audio, but also as volunteers that engage with other community organizations and causes.
Community radio stations are intended to reflect their communities, and this also includes reflecting local Indigenous languages and culture. For example, CFPQ-FM, Paq’tnkek, Mi’kmaw Nation in Afton Station, NS, have made considerable efforts to welcome Mi’kmaw Elders and empower them to share their stories in the Mi’kmaw language. We estimate that at least half a dozen community stations air dedicated language revitalisation programming, and that approximately 35 community stations broadcast programming by and for local Indigenous communities. Promoting Indigenous language revitalization is in the public benefit and we believe it should also be considered a charitable purpose.

**Local News and Elections**

In the 2018 Fall Economic Statement, the Government of Canada announced several initiatives to support local news, including one allowing eligible news organizations to access charitable tax incentives. We quote from the announcement here:

“...the Government intends to introduce a new category of qualified donee, for non-profit journalism organizations that produce a wide variety of news and information of interest to Canadians. As qualified donees, eligible non-profit journalism organizations would be able to issue official donation receipts, which allows donors to benefit from tax incentives for charitable giving (including the Charitable Donations Tax Credit for individuals and deductions for corporations). As qualified donees, these organizations would also be eligible to receive funding from registered charities.”

Community radio stations play an important role in the provision of local news and information within communities, as well as news and information relevant to specific parts of those communities (such as refugees, new-Canadians, and LGBT+ people) that are not adequately supported on other commercial or public media.

Community stations also work to address media deficiencies in their communities. CKHA-FM in Haliburton, ON surveyed community members, who told them that access to local news should be given the highest priority. In 2017, a state of emergency was declared in nearby Minden, ON after substantial flooding. CKHA-FM’s volunteer news reporters provided the only live and up-to-date information available to that community for emergency planning, weather updates, and official announcements.

The community radio sector continues to grow, and the number of new stations increased by 30% between 2011 and 2016. Several of these new stations cited the closure of other local media as a motivator for their applications. For example, in Sidney, BC community members formed an organization to launch a community radio station in response to the closure of Metro Online and the Victoria News Daily, and the reduction of service by the Victoria Times Colonist. In Bay St. George, Newfoundland, the Georgian newspaper closed, and the Independent newspaper went online only, which led a community group in McKay’s, NL to apply to start a community radio station.

We welcome the Government of Canada’s initiatives to support local news, and believe that it could substantially benefit community radio stations. We particularly support the Government’s news organization tax benefit announcement, which stated that non-profit news organizations will become “qualified donees” that can issue tax receipts for donations and receive funding from charities. However, we are concerned that the interpretation of qualified donee status may be subject to the whim of changing governments, and we would like to see consistency in the definition from one government to the next. Therefore we encourage the government to update the charitable objectives so they are similar to those that the UK has adopted, and to
ensure that those updates are applied to the definition of “qualified donee” for purposes of the news organization tax benefit.

Community radio plays a significant role in the promotion of citizenship and engagement within the Canadian democratic process. As traditional commercial news media close or reduce services, community radio stations can make a great contribution to a community’s knowledge of municipal affairs, interviewing candidates for municipal and regional districts during local elections, and exploring local issues and ideas. For example, CICK-FM in Smithers, BC broadcasts local city council meetings. During federal or provincial elections, many community radio stations in rural communities engage with electoral candidates and emphasise the importance of voting. Our member stations tell us that they believe that supporting civic engagement is one of their key roles in their communities.

**Earned Incomes: Social Enterprises To Support Public Good**

Community radio stations are substantially supported by their communities. In the past five years, Canadians have donated more than $130 million to stations across the country. Over that same period, community radio stations received more than $108 million in earned income through local and national advertising. The community radio sector has seen a marginal increase in the amount of local advertising over the past five years, however, when adjusted for inflation, this has resulted in a 6.7% reduction. However, community radio advertising appears to be relatively stable when compared to community newspaper advertising revenue, which has dropped by more than 33% in the same period. Many community radio stations have diversified their business models and employ innovative strategies in order to maintain their services.

Some stations sell products to support their work. Cortes Island, BC, is a rural community with fewer than 1,000 full-time residents. Their local community radio station, CKTZ-FM, sells solar-powered lamps, an ideal product for their community, since it is not well served by the local electrical utility and is a popular outdoors tourist destination. CJLO-AM in Montreal, QC, rents studio space and technical support to emerging musicians wanting to record music for commercial purposes. This social enterprise helps them to support their operations while offering Montreal musicians a great value for their money.

We are pleased that the Government of Canada has created the Social Finance Fund and the Investment and Readiness stream, and we hope that they will provide opportunities for community radio stations in future. We believe that the Committee should explore making a recommendation to use dormant bank accounts to capitalize social funding. In response to the Department of Finance’s call for proposals for the modernization of unclaimed balances regime and proposals for unclaimed pension balances, we note that MaRS Centre for Innovation recommended exploring unclaimed assets as a source of capital for impact investment. We suggest that this could be facilitated through the Social Finance Fund and could substantially increase the capacity for non-profit social enterprises to start up. We believe that other witnesses to this Committee have made similar suggestions. We suggest the government explore achieving this through legislation similar to the UK’s Dormant Bank and Building Society Accounts Act.

**One City, Two Realities**

Ottawa, ON has several community radio stations. One of these, CKCU-FM, or Radio Carleton Inc, is a charity. They are highly valued by the community, and by the end of 2017 had received more than $136,000 in receipted donations.

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2 Include [https://nmc-mic.ca/research-statistics/newspaper-revenue/](https://nmc-mic.ca/research-statistics/newspaper-revenue/) footnote for details
CHUO-FM, which is not a charity, also operates in Ottawa and fulfils the same social role as CKCU-FM, however they struggle to obtain a fraction of CKCU-FM’s donations, raising only $13,000 in that same year. CHUO-FM had their charity status revoked in the 1990s for unknown reasons, and they were not in a financial position to appeal the decision. Although they applied again in the early 2000s, their application was denied on the basis that radio broadcasting is not charitable. CHUO-FM broadcasts in the same market, shares volunteers, and provides very similar training and community benefits as CKCU-FM, but receives significantly fewer donations.

Each station serves the same community and has similar numbers of programs and volunteers. Although there are differences between the two stations in terms of their depth and breadth of reach in the community, volunteers, and the length of time they have been serving the community, these differences alone cannot account for the considerable discrepancy in funding.

There is usually a significant disparity between the fundraising capacities of stations that have charitable status and those that do not. Stations that are charities have access to grant and foundation funding earmarked for charities which is not available to community stations that are not charities.

Most community radio stations that are charities received that status in the 1970s, and are now receiving a greater number of bequest and legacy donations. In our experience bequests and legacy donations are not a viable source of income for non-profits that are not charities, so we believe that stations without charitable status are losing out on a significant fundraising opportunity.

**In Conclusion**
Our members that are charities have noted that the administration required to retain their charity status can be costly and onerous, but they all continued to all placed significant value on the designation. We hope that the Committee will heed the recommendations made regarding streamlining and simplifying the reporting obligations, and bureaucratic obligations of charities. This will free up staff and volunteer time and energy that charities could then devote to activities for the public benefit.

Community radio contributes significant public good to their communities. It is their primary purpose, and they achieve this in a holistic way providing training, opportunities to increase citizenship engagement, and community development. The NCRA/ANREC hopes that with this greater understanding of community radio in mind the Committee will consider our recommendations (Appendix A) as you move forward with your work.

Yours Sincerely

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Appendix A

NCRA/ANREC Requests

1. We request that additional charitable purposes be added to the Income Tax Act to allow the charitable work that community radio does to be recognized in Canada. The purposes we suggest are:
   ○ supporting the advancement of citizenship, community development;
   ○ the advancement of the arts, culture, heritage or science; and
   ○ the advancement or reconciliation or the promotion of religious or racial harmony or equality and diversity.

2. We request that appeals of CRA decisions about charitable status be moved to the Tax Court of Canada. Currently, the cost of appealing a CRA decision is prohibitive, and none of the community radio stations we spoke with that had applied for or lost their charity status could afford to appeal the decision.

3. We request that the Government of Canada explore the possibility of allocating funds from dormant bank accounts to the Social Innovation Fund. We suggest that these funds could support the capital investment needed to launch or sustain non-profit community media.