

Submission to the Special Senate Standing Committee on the Charitable Sector

December 2018

The Voice of Canada's Universities



Introduction

As the voice of Canada's 96 universities, Universities Canada welcomes the opportunity to provide input to the Special Senate Standing Committee on the Charitable Sector's study on the impact of federal, provincial and territorial laws and policies governing Canada's charities. We were very pleased to see commitments made to strengthen the charitable sector in the 2018 Fall Economic Statement. We look to the review as an opportunity for the Government of Canada to continue to support the charitable and non-profit sector, and by extension, strengthen the communities that charities and non-profits serve from coast to coast to coast.

Universities Canada and Canada's universities are active members of the non-profit and charitable sector and we partner closely with other organizations, including our colleagues in the college system, on a variety of charitable initiatives. Universities have a three-part mission: teaching, research, and community service, through which they support not only students but entire communities across the country.

"Climate change, income inequality, healthcare challenges and economic changes are just some of the threats faced by the communities we serve. It is critical for universities and communities to collaborate in solving these problems and preparing students for the future."

– Mike Mahon, Universities Canada board chair, president and vice-chancellor, University of Lethbridge, October 25, 2018

Thanks in part to charitable contributions, Canadian universities are able to work with communities to navigate disruptive changes, forge international connections and advance equity, diversity and inclusion. Charitable contributions are also crucial in improving access for students from underrepresented groups, including students with disabilities and first-generation students. Through charitable donations, universities are able to establish scholarships and grants and build physical supports like Indigenous student centres on campus, ensuring that Indigenous students have an equal opportunity to achieve their potential.

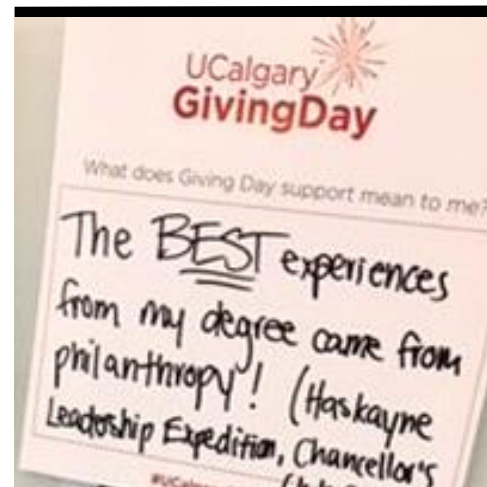
Universities Canada also carries out this work at a national level, contributing to public policy development and national thought leadership. For example, in February 2018, Universities Canada co-hosted [Univation](#) with the Rideau Hall Foundation. *Univation* was a national forum that brought together students with leaders from universities, government, business and civil society to share bold ideas for "future-proofing" Canada's next generation in the face of technological and labour market changes. Universities Canada recognizes the work being accomplished by the charitable sector to improve the lives of all Canadians, and we are proud to work with partners from across the sector to find innovative solutions to some of the most pressing challenges facing the country.

Canadian universities benefit enormously from having a strong, supported and growing charitable sector. Universities rely on a variety of forms of charitable giving to support their mission and community engagement. Institutions may receive ongoing support from long-standing donors who support the university's mission; one-time donations for infrastructure projects; research chairs or scholarships; small contributions from members of alumni networks; or funding for research projects from other charitable organisations. For example, Canadian universities carried out \$1.3 billion in research for the not-for-profit sector in 2017,¹ much of it in partnership with health charities including hospitals.

The charitable sector generates more than seven per cent of Canada's gross domestic product (GDP) and employs more than two million people. Canada's universities play a key role in driving that growth, with \$35 billion in direct expenditures every year, and by employing close to 300,000 people. Strengthening and supporting the charitable sector will not only help support organisations like universities, which provide key services and improve the quality of life of all Canadians, but will also help grow the Canadian economy.

To help strengthen the Canadian charitable sector, Universities Canada recommends that the Government of Canada:

1. Fund data collection about the charitable sector;
2. Create a "home in government" for the charitable sector to ensure its sustainability and vitality are reflected in all federal policies and decisions;
3. Remove the capital gains tax on donations of real estate and private company assets;
4. Continue to implement the recommendations of the Social Innovation and Social Finance Strategy Co-Creation Steering Group and of the Independent Blue Ribbon Panel on Grant and Contribution Programs; and
5. Launch a collaborative process to modernize the legal and regulatory regime under which charities and non-profits operate, including an exemption from Canada's Anti-Spam Legislation.



Scholarships, bursaries, faculty supports, mental health services and experiential learning opportunities are just some of the programs and opportunities that were funded by the University of Calgary's most recent *Giving Day* – a single day in which alumni and the wider community is mobilized to support the institution. In 2018, the University of Calgary was able to raise more than \$950,000 from more than 1,200 donors.

Photo: University of Calgary

¹ Statistics Canada, Gross Domestic Expenditures on Research and Development in Canada, 2017

Recommendations

Recommendation 1: Fund data collection about the charitable sector

The most recent comprehensive data about the charitable sector currently available is more than a decade old. This means that the Government of Canada is making policy decisions about the sector based on data generated before the 2008 economic crisis. Current data about charities and non-profits is essential, especially given the sector's role in helping the government achieve its policy objectives around inclusive innovation and economic growth. It is hard to imagine a scenario in which important decisions about any other sector are made in the absence of comprehensive and up-to-date data.

Statistics Canada has historically collected and disseminated data about the size, scope, financing and human resources of the charitable and non-profit sector. The now discontinued Satellite Account of Non-Profit Institutions and Volunteering and the National Survey of Non-profit and Voluntary Organizations once provided important data that aided charities and governments in understanding the scope and well-being of the charitable and non-profit sector. Reinstating these programs would ensure that relevant and accurate data is available to government and the sector as a whole. Universities Canada joined Imagine Canada and more than 160 leaders in the charitable sector to make this case with Minister Navdeep Bains in an open letter in August 2018, and we will continue to work with the Minister's office on this issue.

Universities Canada recommends that the collection of statistical information about the charitable and non-profit sector is prioritized and funded by the Government of Canada, and that it becomes a regular and permanent part of Statistics Canada's data program.



The University of Sherbrooke recently broke ground on a new creative studio space, funded by the Huguette Foundation and the J. Armand Bombardier Foundation. The studio will offer students a space to focus on entrepreneurial projects, creating a collaborative environment between the faculties of management and engineering. Thanks to the generous support of these two foundations, the space will also be open to the wider community, allowing the public and companies to develop prototypes in partnership with current Sherbrooke students.

Photo: University of Sherbrooke

Recommendation 2: Create a “home in government” for the charitable sector, to ensure its sustainability and vitality are reflected in all federal policies and decisions

Universities Canada recognizes the need for a dedicated department, minister, agency or secretariat to steward the interests of the charitable sector at the federal level. As the examples and recommendations throughout this document demonstrate, the charitable sector continues to deliver key services to Canadians, often on behalf of the federal government, and would benefit from a federal champion.

Other sectors of the Canadian economy, including small business, agriculture, forestry and fisheries, which contribute less to Canada’s GDP than the charitable sector have been recognized through federal ministries. Other Commonwealth nations, including the United Kingdom have established secretariats dedicated to supporting their charitable sectors. A federal body would lend a voice to the sector at the federal level, ensuring its sustainability for years to come.

We were pleased to see a permanent Advisory Committee on the Charitable Sector created in the 2018 Fall Economic Statement. The Advisory Committee will be an important first step toward creating a ‘home in government’ for the sector, and toward achieving broader reforms. We hope that the Committee will include representatives from across the charitable sector, including voices from the postsecondary education community.

Universities Canada recommends changing government structure to ensure that the sustainability and vitality of the charitable sector is reflected in all federal policies and decisions.

Recommendation 3: Remove the capital gains tax on donations of real estate and private company assets

The removal of the Capital Gains Tax on gifts and securities began in 1997 and has been incrementally continued in the two decades since. Completing this process by removing the tax from donations of real estate and private company assets would enable Canadians to share their wealth and would reduce the administrative and financial burden placed on Canadian charities for accepting such donations.

Removing the tax would enable the owner of an asset to monetize the gift at the best price possible, and donate the proceeds directly to a charity, rather than forcing the charity to manage the sell-off itself.

The removal of the capital gains tax on gifts and securities has been an enormous success. Charities large and small across the country have received over \$1 billion in gifts of stock nearly every year since 2006. Removal of the capital gains tax on gifts of private company shares and real estate would create an additional \$200 million in donations every year to the charitable sector.

The fiscal cost to the federal government of foregoing the capital gains tax on such gifts is estimated at \$50-65 million annually, while it would generate four times that amount in donations to the charitable sector. This measure would encourage crucial funding for Canada’s hospitals, universities, social service agencies, health charities and arts and cultural organizations.

Universities Canada recommends completing the removal of the Capital Gains Tax on donations of real estate and private company assets.

Recommendation 4: Continue to implement the recommendations made by the Social Innovation and Social Finance Strategy Co-Creation Steering Group and the recommendations of the Independent Blue Ribbon Panel on Grant and Contribution Programs

As noted, Universities Canada welcomes the government's creation of a permanent Advisory Committee on the Charitable Sector, as well as the creation of a Social Finance Fund. These are important responses to the recommendations made by Employment and Social Development Canada's Social Innovation and Social Finance Strategy Co-Creation Steering Group that will foster sustainable and inclusive communities through the promotion of social innovation and social finance. Universities Canada has started to promote social innovation and finance through a joint project with the McConnell Foundation, creating a forum for universities to embed social impact in their institutions and actions.

Universities Canada also supports the Steering Group's other recommendations. In this submission, we would like to highlight a select few that would have a very large and beneficial impact for Canadian charities and educational institutions in particular.

1. Establish a Social Innovation Evidence Development and Knowledge Sharing Initiative.

We echo the Steering Group's call to establish a new pan-Canadian Social Innovation Knowledge Sharing Network to coordinate better sharing of data, research and knowledge across social innovation ecosystems in Canada through. We agree that the sector needs to develop methodologies and indicators to enable national standards of impact measurement. The creation of this initiative would complement existing data collection efforts by Statistics Canada and would encourage the growth and success of charitable and non-profit organizations. The Social Science and Humanities Research Council (SSHRC) and the Natural Sciences and Engineering Research Council (NSERC) are already well positioned to deliver such funds and programs.



Though its RADIUS social innovation hub, Simon Fraser University builds programs to respond to tough social problems. More than 150 alumni now work on a wide range of topics, from health promotion to the future of work. The Refugee Livelihood Lab, a RADIUS initiative, brings together refugee entrepreneurs, creators and innovators to build solutions to challenges facing refugee communities in and around Surrey, British Columbia.

Photo: Simon Fraser University

2. Coordinate a national social innovation and social finance awareness campaign.

Government support is needed to ensure Canadians are aware of the benefits and opportunities that social innovation and social finance present. A national campaign could, in particular support, youth engagement in social innovation and social finance through scholarships, fellowships and work-integrated learning opportunities. This campaign would ensure young Canadians are aware of the opportunities that exist within the charitable and non-profit sector, and that the sector has access to a new generation of talent.

As a part of this campaign, the existing federal work-integrated learning and student work placement program should be expanded to include students of all disciplines, as well as charitable and non-profit employers. Universities Canada and our member institutions would be pleased to participate in a national social innovation and social finance awareness campaign to reach all Canadian students.

Universities Canada also recommends implementing the recommendations of other studies of the charitable sector, including the Independent Blue Ribbon Panel on Grant and Contribution Programs, released in 2006. The Panel's key recommendations include:

- Reforming funding processes to ensure funding is approved quickly and is available up-front to support the full costs of programs;
- Encouraging multi-year funding agreements to reduce disruption in programming year over year;
- Ensuring funding can cover the full costs of programs administered on behalf of the federal government, including information technology, management and administration and evaluation costs; and
- Encouraging innovation, including well thought-out risks in the program and grant application process.



Every November, Canadian universities participate in Giving Tuesday – a global movement that promotes giving and volunteering rather than consumerism. Last year's Giving Tuesday initiative helped students at the University of Victoria host conferences, travel overseas to volunteer, and even design and launch rockets. At Bishop's University, Giving Tuesday donations go directly to student bursaries, helping students from less-advantaged backgrounds succeed.

As a recipient of federal grants and contributions, Universities Canada also recognizes the excellent work that several departments, including Global Affairs Canada and Canadian Heritage, have taken to address these recommendations. Reforming the grants and contribution process will ensure that recipients, particularly those in the charitable sector, are able to effectively administer programs and provide crucial services to Canadians on behalf of the federal government.

Universities Canada recommends implementing the recommendations made by the Social Innovation and Social Finance Strategy Co-Creation Steering Group and by the Independent Blue Ribbon Panel on Grant and Contribution Programs.

Recommendation 5: Launch a collaborative process to modernize the legal and regulatory regime under which charities and non-profits operate, including an exemption from Canada's Anti-Spam Legislation

The Advisory Committee on the Charitable sector will play a crucial role in advising the government on administrative and legal reforms needed for the sector, and for the higher education community in particular. As the Advisory Committee begins its work in this area, we would like to highlight the need for reforms to Canada's Anti-Spam Legislation to ensure that post-secondary institutions can effectively communicate with their students, alumni and donors.

While Universities Canada supports the stated intent of federal anti-spam legislation, we are concerned that the law's blanket prohibition against sending commercial electronic messages without expressed or implied consent of the recipient could capture and inhibit electronic communications by universities. Many of these electronic communications are part of institution's core educational activities.

The legislation has created new administrative burdens, requiring that institutions collect and track recipients' consent across networks of students, donors and alumni. The legislation has also created the potential for financial penalties and damage to institutional or organizational reputations.

Communications relating to core charitable activities are not activities of a commercial character that should be caught by anti-spam legislation. Universities' activities, including the recruitment of students, the delivery of academic programs and communications with alumni and potential donors are particularly hindered when universities are not able to effectively communicate with their local communities and partners. Universities serve the public interest by strengthening Canada's competitive advantage through learning and discovery, which will enable individuals, communities, regions and the country as a whole to meet the evolving social and economic challenges of the future. University education is not a special interest or commercial enterprise.

If Canada were to exempt charities, including universities, through legislation or through regulatory changes, it would be in line with comparable policy and practice in other Commonwealth countries like Australia. Australian law and regulations recognize that electronic communications by charities are not spam, ensuring that their charities are able to effectively communicate with their members and donors.

Universities Canada recommends modernizing the legal and regulatory regime for charities, including a blanket exemption for the charitable sector from Canada's Anti-Spam Legislation.

Conclusion

It is through the generosity of donors and partners throughout the charitable sector that Canada's universities are able to work with communities to navigate disruptive changes, forge international connections and advance equity, diversity and inclusion. The examples throughout this document represent a small sample of the strategic engagement by universities to build strong local communities – to create opportunities for refugees and newcomers, to support Indigenous student success and to conduct ground-breaking health research that will benefit all Canadians.

“Canada’s universities have given the world medical discoveries that save lives, technological advances that help business succeed, and social innovations that make communities stronger.”

– Mike Mahon, Universities Canada board chair, president and vice-chancellor,
University of Lethbridge, October 25, 2018

Universities and the wider charitable and non-profit sector provide enormous benefits to Canadian communities, particularly when we are able to work in partnership. Strategic and targeted investments in the sector – through increased data collection and opportunities for knowledge sharing – will strengthen it, while regulatory and legislative changes to streamline communication and facilitate donations will ensure that the sector is sustainable for years to come.

Canada's universities look forward to continuing to support Canadian communities and grow Canada's economy. The recommendations outlined in this document will help us achieve those goals.

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