



MEMBER ADVISORY #3-2018

November 23, 2018

To: PFC Members
From: Hilary Pearson
RE: **Public Policy, Legal and Regulatory Update**

1. Federal Fall Economic Update

The federal Fall Economic Update included three items of importance to the charitable sector and to charitable foundations:

- a) The announcement of a new Social Finance Fund
- b) The creation of a permanent Advisory Committee on the Charitable Sector
- c) Changes that will allow eligible non-profit news organizations to receive grant funding directly from foundations.

Details follow and are also found in [Chapter Two of the Statement](#).

2. Social Finance Fund

In September, a Report on a [Social Innovation and Social Finance Strategy for Canada](#) was made public by the Minister of Employment and Social Development. It made 12 recommendations, one of which was for the creation of a Social Finance Fund.

In response the Government announced that “to help charitable, non-profit and other social purpose organizations access new financing, and to help connect them with private investors looking to invest in projects that will drive positive social change, the Government proposes to make available up to \$755 million on a cash basis over the next 10 years to establish a Social Finance Fund. Additionally, the Government proposes to invest \$50 million over two years in an Investment and Readiness stream, for social purpose organizations to improve their ability to successfully participate in the social finance market”.

Details on the governance and parameters of the Fund will be developed further in the coming months and released in early 2019.

PFC joined with four other organizations in the sector (including the J W McConnell Foundation) to [welcome this announcement](#)

3. Support for Public Interest Journalism

The Government announced that it intended to propose three new initiatives to support Canadian journalism: allowing non-profit news organizations to receive charitable donations and issue official donation receipts, introducing a new refundable tax credit to support original news

content creation, including local news, and introducing a new temporary non-refundable tax credit to support subscriptions to Canadian digital news media. 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. As qualified donees, these organizations would also be eligible to receive funding from registered charities, including foundations. More details on these measures will be provided in Budget 2019 in the spring of 2019.

4. Permanent Advisory Committee on the Charitable Sector

The Government stated that it was committed to engaging in a meaningful dialogue with charities, and ensuring that the regulatory environment in which they operate is appropriate and supports the important work they do. In response to the recommendations of the Consultation Panel on the Political Activities of Charities, as well as the Social Innovation and Social Finance Strategy Co-Creation Steering Group, the Government is establishing a permanent Advisory Committee on the Charitable Sector. Led by the Canada Revenue Agency, the Advisory Committee will be made up of stakeholders from the charitable sector, and will provide advice to the Government on important issues facing charities on an ongoing basis. This is an excellent development as it will allow the sector to engage in ongoing discussions with the Government around the needed measures to modernize the Income Tax Act and regulations.

5. Charities and Political Activities

The legislation changing the rules on charities and political activities is making its way through Parliament (see [statement by the Minister of Finance](#)). It is expected that it will be adopted before the Christmas break. New guidance is expected from the Canada Revenue Agency in December to clarify how CRA will implement the new rules. PFC will keep you informed on the implications for foundations.

There will be detailed Questions and Answers for charities developed by Imagine Canada and by PFC as soon as we have the draft Guidance.