
Sector News Digest — December 3, 2019

This column is part of a new editorial feature in The Philanthropist – a bi-weekly digest of news items from, and about, Canada’s charitable and non-profit sectors. It will appear on both the website and in this email to our subscribers. You can subscribe for free [here](#). If you have tips or story ideas, please contact contributing editor John Lorinc, john@thephilanthropist.ca.

Calling for cooler heads in Alberta

Late last month, [The Muttart Foundation](#) released its [submission](#) to the public inquiry into the foreign funding of anti-Alberta energy campaigns. Alberta Premier Jason Kenney set up the commission after his election victory earlier this year; the commission’s mandate is to investigate “a well-funded foreign campaign [that] has defamed Alberta’s energy industry and sought to land-lock our oil.”

Muttart’s 171-page submission urges all sides to “tone down the rhetoric.” Calling for more reasonable dialogue and data-based debate, the submission frames the complexity of the challenges before Alberta: “The economic future of Alberta is a critical issue, to Alberta and to Canada. So is the state of the environment and threats to it. These issues can, and do, co-exist, and they will continue to co-exist for the foreseeable future.”

The submission features an analysis of the 2016 income tax returns of 84,364 registered charities in Canada, looking at receipted and non-receipted foreign contributions. It noted that some have “suggested that funding from outside Canada is a major source of revenue for charities. The evidence does not support that view.”

Muttart’s data shows that 284 Alberta charities reported receiving funding from foreign donors, which represented 2.7% of the total revenue in 2016 for these charities and “0.26% of the total \$33.9 billion revenue reported by all Alberta charities.” Ten recipients of foreign funding accounted for 82.5% of all foreign funding reported, with the University of Calgary (at 42%) being the largest recipient. The others include four post-secondary institutions, three religious charities, an international development group and an arts organization.

The foundation expressed concern about the scope of the inquiry and highlighted parts of its terms of reference that threaten to tie the positions charities in Alberta take on the energy sector both to their charitable status and access to government funding. “To even imply that support of the energy industry or even agreement with government could become a criterion for determining whether an organization receives funding comes, we suggest, dangerously close to government direction of speech and thought,” it noted.

Outdated ITA rules tie up donations unnecessarily: columnist

Outdated provisions in the Income Tax Act are restricting foundations from investing in innovative and impactful work carried out by individuals, collectives, and communities across Canada, according to Quebec columnist Etienne Plamondon Emond.

Writing in *La Presse* in mid-November, Emond recounts how the [Trottier Family Foundation](#) had to rely on the [David Suzuki Foundation](#), which is a registered charity, to accept a donation on behalf of the La Planète collective, which is not. The contribution supported the involvement of Swedish environmental activist Greta Thunberg in a Montreal's climate march in September.

While the funding issue was resolved, Eric St-Pierre, executive director of the Trottier Family Foundation, noted that "[t]here are a lot of projects that have not moved forward because they have not received our funding . . . There are organizations that are not registered and do a really good job, but legally, it is not possible to support them."

Last June, the Special Senate Committee on the Charitable Sector released a report entitled, [Catalyst for Change: A Roadmap to a Stronger Charitable Sector](#). Among its 42 recommendations, as Emond notes, is bringing Canada in line with countries like "New Zealand, the United Kingdom and Australia have alternately adopted Charities Acts over the past 15 years." Edmond's critique echoed the findings of the Senate report, which addressed the legal and regulatory constraints that have prevented Canada's charitable sector from optimizing its impact.

The potential of "community-driven outcomes contracts"

When it comes to Canada's most complex social challenges, can governments buy positive outcomes? Jeff Cyr of [Raven Indigenous Capital Partners](#) and Stephen Huddart of the [McConnell Foundation](#) think so, and they made a case for this approach in a [recent essay](#) in *Policy Options*.

It calls for "outcomes purchasing" to tackle social, economic and environmental challenges through the use of so-called "community-driven outcomes contracts (C-DOCs)."

Cyr and Huddart point to the \$755 million the federal government used to create [The Social Finance Fund](#) that, they say, will "give charitable, non-profit and social purpose organizations access to new financing to implement their innovative ideas, and will connect them with non-government investors seeking to support projects that will drive positive social change."

Status quo funding models for complex issues such as homelessness encourage short-term solutions but do little to solve the underlying conditions that created the problems in the first place. "[C-DOCs] provide an incentive to innovate: to iteratively test, evaluate, adapt and scale evidence-based approaches . . . in a way that rewards results [and] can accelerate systemic shifts."

One example: the role that C-DOCs played in the work of [Aki Energy](#), which swaps out costly and polluting diesel generators in First Nations communities with geothermal systems that meet community heating and air-conditioning needs, lower utility bills, reduce GHG emissions and create good jobs in the process.