

[Print Message](#)

Federal government to spend \$8 million on more scrutiny of political activity by charities

From: VIVIAN KRAUSE <vivian.krause@me.com>

To: Ross McMillan <ross.mcmillan@tidescanada.org>

Date: March 29, 2012 4:21:59 PM

Mr. McMillan,

In relation to the budget announced today, I have written a post at my blog. As I have mentioned Tides Canada, I'm sending you a copy of it below.

As always, if I have mentioned anything here that is factually incorrect or if I have missed any important points, please let me know.

Sincerely,
Vivian Krause

Canada To Spend \$8 Million on More Scrutiny of Political Activity by Charities

Today, as part of the 2012 budget, the federal government of Canada announced that it will provide the Canada Revenue Agency with \$8 million over two years in order to ensure greater transparency and accountability on the part of charities, particularly those that are both politically active and are partially foreign-funded.

The budget states, "Recently, concerns have been raised that some charities may not be respecting the rules regarding political activities. There have also been calls for greater public transparency related to the political activities of charities, including the extent to which they may be funded by foreign sources."

This move is good because some charities such as Tides Canada Foundation appear to me to have been under-reporting their political activity. In fact, in its Canadian tax returns, Tides Canada has consistently reported [ZERO expenditures on political activity over the past ten years](#) and yet, as it appears to me, Tides Canada has consistently been politically active at the municipal, provincial and federal level.

Examples of projects that have been supported by Tides Canada and that appear to me to include political activity are:

- [Open Media](#) - This project mobilized half a million Canadians to oppose a CRTC ruling on user-based internet billing. This shows just how powerful a politically active project supported by Tides Canada can be. When questions were asked about the involvement of Tides Canada in Open Media, several web-pages at the web-site of Open Media were [immediately re-written](#).
- [Organizing for Change](#) - This project encouraged people to temporarily join the Liberal party of B.C. in February of 2011. The party's membership tripled from 30,000 to 90,000. Some political commentators suggested that this may have been an important factor in Christy Clark winning the nomination to become the current premier of B.C.

- [The Dogwood Initiative](#) - In re-designing its web-site recently, the Dogwood Initiative did not include its former web-page which listed its supporters and partners. Internet archives ([click here](#)), show that Tides Canada has supported the Dogwood Initiative. U.S. tax returns show that Tides Canada has paid [\\$87,293](#) specifically for Dogwood's coastal tanker campaign.
- [Pipe Up Against Enbridge](#) - Internet archives show ([click here](#)) that during the summer of 2011, Tides Canada promoted the Pipe Up Against Enbridge campaign through one of its projects called [Rainforest Solutions](#). Tides Canada and Tides USA have received at least \$4 million from U.S. foundations for Rainforest Solutions.
- [Vancouver's Greenest City Initiative](#) - With \$50,000 from the Seattle-based Bullitt Foundation, Tides Canada is partnering with the City of Vancouver and others to implement the Greenest City Initiative which is part of the political platform of Vision Vancouver, the municipal party of the current mayor and the majority of city council in Vancouver. The Bullitt Foundation also funded the Dogwood Initiative "to mobilize urban voters for a federal ban on coastal tankers" and then [quietly re-wrote](#) this grant days after I testified about it to a House of Commons Committee in Ottawa, in December of 2010. One of the questions that needs to be asked is will there be room for oil tankers in the Bullitt-funded vision for Vancouver? Or is Bullitt supporting this initiative, in part, as a way to create the context, the foil for someday saying that oil tankers have no place, or a limited role in the world's greenest city?

For pages 204 and 204 of the 2012 federal budget, click [here](#). These pages are also shown below:

Enhancing Transparency and Accountability for Charities

Economic Action Plan 2012 proposes measures to ensure that charities devote their resources primarily to charitable, rather than political, activities, and to enhance public transparency and accountability in this area.

The Government of Canada provides registered charities with generous assistance under the tax system in recognition of the valuable work that they perform. Registered charities are exempt from tax on their income and may issue official donation receipts for gifts received. In turn, donors can use those receipts to reduce their taxes by claiming the Charitable Donations Tax Credit (for individuals) or Charitable Donations Tax Deduction (for corporations). In 2011, federal tax assistance for the charitable sector was approximately \$2.9 billion. At the request of the Government, the House of Commons Standing Committee on Finance is studying current and proposed incentives for charitable giving to ensure that the tax incentives are as effective as possible.

Canadians have shown that they are willing to donate generously to support charities, but want to be assured that charities are using their resources appropriately. In this regard, charities are required by law to operate exclusively for charitable purposes and to devote their resources exclusively to charitable activities.

Given their unique perspectives and expertise, it is broadly recognized that charities make a valuable contribution to the development of public policy

in Canada. Accordingly, under the Income Tax Act charities may devote a limited amount of their resources to non-partisan political activities that are related to their charitable purposes.

Recently, concerns have been raised that some charities may not be respecting the rules regarding political activities. There have also been calls for greater public transparency related to the political activities of charities, including the extent to which they may be funded by foreign sources.

The Canada Revenue Agency (CRA), as administrator of the tax system, is responsible for ensuring that charities follow the rules. Accordingly, to enhance charities' compliance with the rules with respect to political activities, Economic Action Plan 2012 proposes that the CRA:

- Enhance its education and compliance activities with respect to political activities by charities.
- Improve transparency by requiring charities to provide more information on their political activities, including the extent to which these are funded by foreign sources.

These administrative changes will cost \$5 million in 2012–13 and \$3 million in 2013–14.

It is also proposed that the Income Tax Act be amended to restrict the extent to which charities may fund the political activities of other qualified donees, and to introduce new sanctions for charities that exceed the limits on political activities, or that fail to provide complete and accurate information in relation to any aspect of their annual return.

Source: The 2012 Canadian Federal Budget. Economic Action Plan 2012. Jobs, Growth & Long-Term Prosperity. Pages 204 & 205.
