



2023 Canadian Federal Budget - How will it affect the Canadian charitable sector?

By Mark Blumberg, Jessie Lang and Tina Garbas-Tyrrell (March 28, 2023)

Today, Canadian Finance Minister Chrystia Freeland introduced [*Budget 2023—A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*](#) for the Liberal Government of Justin Trudeau.

The government seems to think that it is doing a pretty good job:

Canada has made a remarkable recovery from the COVID recession. Canada's economic growth was the strongest in the G7 over the last year, and today, 830,000 more Canadians are employed than before the pandemic. Inflation in Canada has fallen for eight months in a row, our unemployment rate is near its record low, and, supported by a Canada-wide system of affordable early learning and child care, the labour force participation rate for women aged 25 to 54 reached a record high of 85.7 per cent in February.

That is probably a much rosier picture than what many Canadians feel is reality.

Highlights of the Budget

Last year's budget had some major initiatives relating to registered charities including qualifying disbursements, directed donation rules, disbursement quota changes and some additional transparency. This year's budget does not appear to have any particular initiatives relating to the regulation of non-profits and charities. There is one reference to the word "charity" in a 270-page document. The government seems to be focused on admittedly important topics such as child care, green energy, food support for low-income Canadians, dental care, Ukraine, etc.

For a charity and non-profit sector which is between 8-12% of the total economy, and which has such great importance in the lives of Canadians, it is a little surprising that it has garnered so little attention. If one is dissatisfied with this result, and I assume some are not, it would be fair to say that there should be some soul searching about the government relations activities of the sector and the representation by umbrella organizations.

As we have noted before there were many proposals from the Senate and the ACCS that have been ignored by the Liberal government – although some of the proposals would probably cause more harm than good.

Transparency

We were disappointed that there was no mention of increased transparency in the area of non-profits and charities. Currently, CRA is very limited in what information they can provide on registered charities, and they cannot provide any information on non-profit organizations that are not registered charities. Here is a [recent submission](#) from Blumbergs on this topic. Unfortunately, the government is not doing much to address the fact that trust in the charity sector is plummeting in Canada, and it is partly due to lack of transparency. Without good transparency, it is unlikely that the public is going to trust charities. Having robust transparency discourages the sort of inappropriate behaviours as the media has extensively covered (including but not limited to Hockey Canada and Soccer Canada) and makes it easier to hold problematic non-profits and charities accountable. I should note that just yesterday, Soccer Canada put up 9

years of financial statements on the Corporations Canada website. They are supposed to be filed every year for soliciting corporations. Once every nine years is not a good model for non-profit governance, compliance and transparency.

Non-Profit Regulation

The regulation of non-profits that are not registered charities has not changed since 1917; despite discussions about changes to the NPO regime, there was nothing in the budget indicating that it is even being considered.

Qualifying Disbursements and Donor Directed Gifts

Last year's budget had some provisions on Qualifying Disbursements and Donor Directed Gifts. There were some concerns around these provisions including ambiguity with respect to these new rules, and I was wondering whether there would be any tweaks or revisions in this Budget. There were not.

Some other initiatives in the Budget

Here are some other pieces from the Budget that impact on non-profits and charities:

Budget 2023 provides \$19.4 million over five years, starting in 2023-4, to Crown-Indigenous relations and Northern Affairs Canada for the Northerners Participant Funding Program to increase the participation of Indigenous Peoples and other Northerners in environmental and regulatory assessments of major projects

Budget 2023 proposes to provide \$5 million in 2023-24 to Indigenous Services Canada to support the co-development of an Economic Reconciliation Framework with Indigenous

partners that will increase economic opportunities for Indigenous peoples, communities, and businesses.

\$20 million over four years, starting in 2022-23, to support Indigenous-led projects for safer communities through Pathways to Safe Indigenous Communities initiative

The *Action Plan for Official Languages, 2023-28* will implement the federal government's commitments to ensure the equality of English and French, help to increase the demographic weight of Francophones and restore the size of Francophone communities, increase the rate of bilingualism, and better support official language minority communities.

Budget 2023 proposes to provide \$373.7 million over five years, starting in 2023-24, additional funding to support new and enhanced federal initiatives under the *Action Plan for Official Languages, 2023-28*. These investments will be guided by the four pillars of the Action Plan:

Francophone immigration: \$123.2 million to boost Francophone immigration in Canada, including support for Canadian employers to recruit French-speaking foreign workers, and increased support for these immigrants once they arrive in Canada;

Official languages as a tool for economic development: \$117 million to ensure the prosperity of official language minority communities, including increased support for the non-profit organizations that serve these communities, for the training of bilingual nurses and personal support care workers, and for the promotion of French-language research;

The Canada Media Fund is a non-profit organization that supports artists, storytellers, and producers in bringing Canadian content to audiences at home and around the world. However, in recent years, changing viewing habits have resulted in declining revenues for the Canada Media Fund, making it harder for them to support homegrown talent.

Budget 2023 proposes to provide \$40 million over two years, starting in 2023-24, to the Department of Canadian Heritage for the Canada Media Fund to make funding more open to traditionally underrepresented voices, and to increase funding for French-language screen content. This approach ensures support for the production of Canadian content while the government continues.

Canada's commitment to embracing diversity is an example to the world and a pillar of our national character—one in three people in Canada is a member of a racialized or religious minority community. We work together, support each other, and learn and prosper by living alongside each other.

However, many racialized and religious minority communities in Canada continue to experience barriers and discrimination. In response, the federal government has taken significant steps to fight systemic racism, discrimination, and hate in Canada. This includes:

- \$85 million over four years to launch Canada's new Anti-Racism Strategy;
- \$100 million over five years to launch the Federal 2SLGBTQI+ Action Plan;
- \$200 million to establish the Black-led Philanthropic Endowment Fund, and create a sustainable source of funding to support Black communities;
- Up to \$265 million over four years for the Black Entrepreneurship Program;

- \$18 million over two years to support the Canadian Race Relations Foundation in delivering grants for community-level interventions to combat racism in Canada, including the rise of anti-Asian racism during the pandemic;
- \$21.5 million to enhance legal supports for racialized communities; and,
- Implemented the “nothing without us” Accessible Canada Act to realize a barrier-free Canada for persons with disabilities by 2040.

Budget 2023 proposes to provide \$25 million, in 2024-25, to Employment and Social Development Canada for the Supporting Black Canadian Communities Initiative, to continue empowering Black-led and Black-serving community organizations and the work they do to promote inclusiveness.

Mark Blumberg, Jessie Lang and Tina Garbas-Tyrrell are lawyers at Blumbergs Professional Corporation.

To find out more about legal services that Blumbergs provides to Canadian charities and non-profits please visit www.CanadianCharityLaw.ca Blumbergs also maintains Canada's largest charity information portal at www.CharityData.ca with up to 19 years information on every Canadian registered charity. The portal is free and the aim is to increase transparency in the Canadian charity sector.

This article is for information purposes only. It is not intended to be legal advice. You should not act or abstain from acting based upon such information without first consulting a legal professional.