



# Written Submission

## Bill C-86

# Canadian Council for International Co-operation (CCIC)

## **List of Recommendations**

With respect to Section 149.1 of the Income Tax Act:

**Recommendation 1:** That terms including “public policy dialogue and development” or “indirect support of, or opposition to, any political party or candidate” be clarified to ensure that charities can maximize their contribution to Canada’s society and economy; and

**Recommendation 2:** That these and any other further improvements to the legislation and regulation governing Canadian charities be developed in dialogue with Canadian charities.

With respect to the delivery and accountability of Canada’s international assistance:

**Recommendation 3:** That the current definition of Official Development Assistance and the current reporting schedule under the ODA Accountability Act be maintained; and

**Recommendation 4:** That Bill C-86 be amended to indicate that only sovereign loans that are concessional, with a minimum grant element of 25%, and which aim to reduce poverty and support economic development will be counted as ODA, as per the current definition under the ODA Accountability Act.

The Canadian Council for International Co-operation (CCIC) appreciates the opportunity to make this submission to the House of Commons Standing Committee on Finance with respect to Bill C-86, the 2018 Budget Implementation Act.

CCIC is Canada's national coalition of civil society organizations working to end global poverty and promote social justice and human dignity for all. Our 80-plus members include many of Canada's leading international development and humanitarian assistance organizations.

The 2018 Budget Implementation Act will have important impacts on the work that we and our members do to build a fairer, more sustainable, and safer world. We will focus our comments in this submission on two areas.

First, changes to the rules governing charitable activities in the Income Tax Act.

Second, changes to how Canada delivers and tracks its international assistance.

CCIC wholeheartedly welcomes the amendment of Section 149.1 of the Income Tax Act to accept and acknowledge the public policy role of Canadian charities.

As we indicated in our submission and testimony to the Finance Committee during the 2019 Pre-Budget Consultations, Canada's competitive advantage includes ensuring we have a strong charitable sector. A precondition of this is a legislative and policy environment that is fully conducive to charities realizing their full potential.

It is therefore good to see that the substance and language of the amendments in Bill C-86 reflect the recommendations of the independent [Consultation Panel on the Political Activities of Charities](#).

We support the continuation of a prohibition on partisan activity by charities. However, existing guidance is vague, and these amendments do not clarify for instance what exactly is meant by "public policy dialogue and development" or "indirect support of, or opposition to, any political party or candidate."

**We recommend that these terms be clarified to ensure that charities can maximize their contribution to Canada's society and economy.**

**We also recommend that these and any other further improvements to the legislation and regulation governing Canadian charities be developed in dialogue with Canadian charities.**

In this vein, it is worth noting that the amendments proposed in Bill C-86 result from the very public policy dialogue the Income Tax Act now limits.

CCIC and other charities are keen to keep working with the government and parliamentarians to develop a modern regulatory and legislative framework for Canada's charitable sector.

For the past ten years, since June 2008, Canada's Official Development Assistance (or ODA) has been governed by the ODA Accountability Act. This Act ensures that Canada's international development and humanitarian assistance focuses on poverty reduction, considers the

perspectives of poor people, and upholds human rights – and that it is accountable to Parliament and the public.

As written, Bill C-86 amends the ODA Accountability Act in two problematic ways.

First, it repeals the current definition of ODA under the Act. The current definition is largely aligned with that of the Organisation for Economic Co-operation and Development – the institution responsible for defining and monitoring ODA globally.

The OECD is currently considering potential changes to the global definition of ODA. Until this review is concluded, Canada should not change its domestic definition under the Act. Doing so would prejudice the outcomes of this multilateral review and could put Canada out of line with its global peers.

Second, Bill C-86 would delay the release of a report required under the ODA Accountability Act. Currently, the ODA Accountability Act report provides preliminary whole-of-government information six-months after the end of a given fiscal year, and six months ahead of the final annual statistical report. The Report provides access to provisional numbers on Canada’s ODA. It is an important and timely report for Parliamentarians and the Canadian public. By delaying the release of this report by a further six months, there would be no official data on Canadian ODA until a year after the fact, and timing it with the release of the Statistical Report would make these numbers redundant.

**We therefore recommend that the current definition of Official Development Assistance and the current reporting schedule under the ODA Accountability Act be maintained.**

Bill C-86 also introduces the International Financial Assistance Act, allowing the Minister of Foreign Affairs or International Development to offer sovereign loans.

**We recommend that Bill C-86 be amended to indicate that only sovereign loans that are concessional, with a minimum grant element of 25%, and which aim to reduce poverty and support economic development will be counted as ODA, as per the current definition under the ODA Accountability Act.**

Finally, we want to comment briefly on three additional measures in Bill C-86.

We commend the creation of the Department for Women and Gender Equality and the Gender Budgeting Act, which will enhance gender analysis in the policy process. This will ensure that Canada’s actions support implementation of Sustainable Development Goal 5 on gender equality both at home and abroad.

The Poverty Reduction Act represents another important step towards aligning the global sustainable development agenda with Canada’s domestic action. However, here we urge the government to aim higher. Our goal, in Canada and overseas, should be to eradicate poverty, not merely reduce it.