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Ottawa, May 3, 2012

Hon. Peter Kent, PC, MP
Minister of the Environment
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Kent:

I am writing on behalf of Imagine Canada – the national umbrella for charities and public benefit nonprofits – to express our serious concern about comments you have made that would suggest that charities are “laundering” funds and engaging in improper activity. Let me say at the outset that Imagine Canada does not take a position on the specific policy debate that triggered your comments. However, saying that charities are “laundering” funds, a criminal activity, goes far beyond the specifics of any one policy file.

Charities are strictly regulated by the Canada Revenue Agency with regard to any political activities in which they engage. A small proportion of charities engage specifically in political activity, and they use a small percentage of their overall revenues to do so. On the broader issue of public policy engagement, charities have a long and proud tradition of advocacy that has resulted in significant public policy gains. For example, charities were at the forefront of advocating on behalf of smoke-free workplaces long before this became a mainstream issue. A number of the policies adopted by your government, such as the Children’s Fitness Tax Credit and the Canadian Initiative for Maternal, Newborn and Child Health had their genesis in leadership by charities. As the recent federal budget states, “Given their unique perspectives and expertise, it is broadly recognized that charities make a valuable contribution to the development of public policy in Canada.”

On the issue of foreign funding, I should point out that there is nothing illegitimate about charities receiving donations and other revenue from foreign sources; similarly, there is nothing illegitimate about Canadians donating to causes overseas. Indeed, the federal government provides Canadians with tax credits for the donations they make to certain overseas charities.

The CRA requires charities, on Line 4575 of their annual T3010 return, to report revenue from outside Canada. In 2010, these revenues accounted for 0.4 percent of charities’ total revenues. It might interest you to note that more than 70 percent of the dollar value of foreign revenue goes to

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international development charities, universities and colleges, and charities involved in education and research. In terms of the number of charities reporting foreign revenue, the largest group by far – representing almost one-third of the total – is religious organizations. Your comments regarding foreign funding could be construed as suggesting that these charities are engaging in improper or illegal activity.

If you have specific knowledge of improper or illegal activity by any individual organization, it is imperative that you provide details to the appropriate investigating authorities. If, however, you misspoke, we would encourage you to retract your comments publicly as they do a grave disservice to the two million Canadians who work in the charitable and nonprofit sector, the thirteen million who volunteer their time, and to the millions of Canadians who give so generously each year to the organizations and causes in which they believe.

Good public policy and decisions can only occur when all viewpoints are considered in a dispassionate and respectful manner. On behalf of all charities, and indeed the Canadians who engage with and support them, we will continue to promote and – where necessary – defend the vital role that charities play in public policy.

Yours truly,

A handwritten signature in black ink, appearing to read 'Marcel Lauzière', with a long horizontal flourish extending to the right.

Marcel Lauzière
President & CEO

cc: Rt. Hon. Stephen Harper, PC, MP
Prime Minister of Canada