

MPs meet behind closed doors to discuss 'chill' on charities from CRA audits

By TIM NAUMETZ | Aug. 19, 2014

Parliament Hill — Revenue Canada auditors are scrutinizing the books of Canadian foreign aid and human rights charities to ensure they're complying with tough new rules the government introduced in 2012 to monitor charities' political activities and ensure donations from abroad are not used for political purposes, Conservative MP Gerald Keddy said on Tuesday.

"There's \$14.2-billion donated to charities in Canada. The idea that would not be checked on is against the entire thought process of our taxation system," Mr. Keddy (South Shore-St. Margaret's, N.S.), the Parliamentary Secretary to Revenue Minister Kerry-Lynne Findlay, said as he entered a closed-door meeting of the Commons Finance Committee Tuesday.

The special summer meeting was called to respond to opposition allegations that a recent clampdown, with audits on at least 52 charities in Canada and more planned, may be the result of political interference and direction from the government.

"This is huge money and it's very clear: charities are allowed to put 10 per cent of their activity into political activities. It's not as if they don't have the right to spend money and no one's arguing that, but the audit system is responsible to make sure that charitable dollars donated by charitable Canadians are used for charitable purposes," Mr. Keddy told *The Hill Times*.

Allegations from NDP MP Murray Rankin (Victoria, B.C.) of potential political interference with Canada Revenue Agency audit operations is "political posturing," Mr. Keddy said.

Mr. Murray failed in an attempt Tuesday to get the Conservative majority on the Finance Committee to agree to launch an inquiry into concerns several charities have expressed.

"The purpose for coming together today at the Finance Committee is to see if we can get a study into serious allegations about the excessive auditing of certain charities, those that appear to have agendas that are different than the Conservative government's," Mr. Rankin told reporters before the in camera session of the Finance Committee began.

Thousands of dollars are being spent on audits into whether charities are exceeding the political activities limit, he said.

"This has caused a chill in that sector and is causing great expense in keeping people away from the agendas that those charities are actually established to do, be it environmental, human rights, or now international development," he said.

The head of the Canadian Council for International Cooperation, an umbrella group for international development organizations, told the Canadian Press last week it was involved in an effort by at least a dozen international aid charities challenging the CRA's increased scrutiny of the sector after the CRA began auditing to ensure adherence with the new rules and limits on foreign donations the government introduced in its controversial 2012 budget implementation legislation.

The Conservatives used time allocation to limit Commons debate on Bill C-38, which contained other controversial aspects including the gutting of environmental legislation and the transfer to Cabinet of approval power over major resource projects.

The legislation followed allegations from Finance Minister Joe Oliver (Eglinton-Lawrence, Ont.), then Natural Resources minister, that foreign-funded radicals and charities were subverting environmental hearings being held by the National Energy Board and the Canadian Environmental Assessment Agency.

The legislation tightened the rules for registering foreign charitable organizations as qualified donees to Canadian charities, amended the rules governing charitable activities that would have to be reported as political in nature—which is limited to 10 per cent of a charity's activities—and gave the federal minister of National Revenue authority to prevent charities that violate the new limits from issuing tax receipts.

Mr. Keddy said he has "no idea what the audits are for. I really don't because it's arms-length from political interference."

He said the charities issue is "old business."

"The committee studied it in the past. There is absolutely no political interference with any of the audits that CRA does, it's as simple as that," Mr. Keddy said, later describing Mr. Rankin's statement of possible political interference as being "shameful."

Mr. Keddy said the government insisted on an in-camera meeting to discuss Mr. Rankin's motion because motions of that kind are considered "committee business," which Mr. Keddy said is always conducted behind closed doors.

Mr. Rankin condemned Mr. Keddy's description of the NDP request as being shameful.

"It's a shock to hear what we just heard from the Conservative representative on the committee. He seems to not understand the difference between what he asserts as political interference and accountability," Mr. Rankin said.

"There's a lot of allegations swirling around. We have newspaper clippings that thick, of people who have made allegations that are very serious

about the integrity and independence of our charity sector and the directorate in the CRA, whether there is political interference or not," the NDP MP said.

"All we are looking for is accountability before the proper committee of Parliament. That seems to me the minimum the government can do if it's committed to accountability and transparency, to clear the air. You'd think they would want this kind of opportunity to clear the air, given the serious allegations that are made," he said.

Montreal Liberal MP Emmanuel Dubourg (Bourassa, Que.) agreed.

"The minister, [Kerry-Lynne] Findlay, has not said a word since this situation started," Mr. Dubourg told reporters.

"It's important for the integrity of the system, the integrity of the Canada Revenue Agency, to know that in their verification, there is no interference, no political order," he said.

"Revenue Canada has the right to do the verification of all of the contributions, but at the same time, why are the Conservatives afraid to ask the minister or officials at Revenue Canada [to] come and explain the situation to us. That's the question," Mr. Dubourg said.

Revenue Minister Kerry-Lynne Findlay (Delta-Richmond East, B.C.) also earlier denied political interference in the audits.

"As Minister Findlay has repeatedly said, the rules regarding charities and political activities are longstanding," spokeswoman Rebecca Rodgers told the CBC.

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