

**Submission by the
Alberta Federation of Labour**



**to
House of Commons Standing Committee
on Finance
on
Tax Incentives for Charitable Donations**

January 17, 2012

How Accountable and Transparent is the Fraser Institute?

A closer look at the Fraser Institute's charities reporting to the Canada Revenue Agency

"Given the disclosure requirements already in place for public companies, charities and other public organizations, it is time to end special treatment for unions."

- The Fraser Institute, "Open union books to see how much they spend on political activities," September 23, 2011

Introduction

The Alberta Federation of Labour (AFL) represents 145,000 unionized workers in the province of Alberta. The AFL is submitting a brief to the House of Commons Standing Committee on Finance's study of charitable giving because of suggestions from groups like the Fraser Institute that unions should be required to disclose financial information in much the same way as the Fraser Institute does as a registered charity.

The Fraser Institute rightly states that "transparency leads to, and is essential for, accountability."¹ In this light, and in light of suggestions that labour organizations follow the lead of charities like the Fraser Institute in terms of disclosure and transparency, the AFL compared publicly available information on the Fraser Institute with how the Institute seemingly operates.

Using information obtained through Canada's *Access to Information* laws, we received information on some of the Fraser Institute's financial information, specifically information regarding donations received from other charities.

In the case of the Fraser Institute, there appears to be a great difference between what it reports to the CRA, as set forth by law, and the information we received through an *Access to Information* request.

This difference is no trifling matter. Based on the information we received from the two sources on the Fraser Institute's receipts of funds from other charities from 2000 and 2010, we found a difference of \$13,762,530.

A large and unexplained difference such as this can only serve to confound the Committee's efforts to promote Canadian's charitable giving.

¹ Fraser Institute, "Fraser Forum," September/October 2011, 17
<http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/articles/indecent-disclosure.pdf>

How transparent is the Fraser Institute?

The Fraser Institute receives funding from several different sources including donations from business and individuals, fundraising, and donations from other charities. Only aggregate figures for funds received by the Fraser Institute from these sources are available to the public to view on the Canada Revenue Agency's (CRA) website.

However, only donations received from other charities are subject to federal *Access to Information* requests (other sources are generally unavailable due to prevailing information laws).

Late last year, the AFL requested information on the Fraser Institute's receipts from other charities and what we found was appalling: there is a difference of \$13,762,530 between what the Fraser Institute reported it received from other charities and what it actually received from other charities between 2000 and 2010.

To view a copy of the AFL's *Access to Information* request, please click [here](#) or go to <http://www.afl.org/index.php/Download-document/561-2012-Jan-Charitable-Donations.html>.

According to their CRA filings, the Fraser Institute reported that it received \$26,423,017 from other charities.² However, the AFL's *Access to Information* request netted only \$12,660,487 in actual filings with the CRA.

That \$13,762,530 difference between the Fraser Institute's CRA filings and what is available under federal *Access to Information* laws is a major hindrance to the Fraser Institute's transparency.

| Fraser Institute – Donations Received from Charities | | |
|---|--|-----------------------------------|
| | <i>Access to Information</i> Request Return | Fraser Institute's CRA Filings |
| 2000 | \$ 358,333 | \$ 2,141,842 |
| 2001 | \$ 80,815 | \$ 1,875,838 |
| 2002 | \$ 456,870 | \$ 1,999,864 |
| 2003 | \$ 2,305,701 | \$ 2,781,612 |
| 2004 | \$ 2,567,009 | \$ 406,727 |
| 2005 | \$ 2,627,077 | \$ 144,076 |
| 2006 | \$ 3,408,190 | \$ 376,513 |
| 2007 | \$ 2,500 | \$ 865,374 |
| 2008 | \$ 195,000 | \$ 5,958,580 |
| 2009 | \$ 191,600 | \$ 5,267,673 |
| 2010 | \$ 467,392 | \$ 4,604,918 |
| Total | \$ 12,660,487 | \$ 26,423,017 |

² See "Fraser Institute" in the Canada Revenue Agency's "Charities Listing" website: <http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html>

The table above shows the Fraser Institute's receipts from other charities from 2000 to 2010. The right-hand column shows the Fraser Institute's receipts from other charities as reported on the CRA's Charities Listings website. The other column shows sums of the year-to-year filings obtained through an *Access to Information* request.

In some years, the Fraser Institute's CRA filings are millions of dollars in excess of what was obtained via an *Access to Information* request. In other years, the opposite is true: the *Access to Information* request total is millions of dollars higher than the CRA filing.

The Fraser Institute is a political organization, so why doesn't it report these activities?

In the Fraser Institute's filings with the CRA, the question is asked, "Did the charity carry on any political activities during the fiscal period?" and every year between 2000 and 2010 the same answer is given: "no."

Any rookie observer of Canadian politics knows this is nonsense: the Fraser Institute is actively involved in the Canadian political landscape. Any reporting or suggestion otherwise is a sham.

According to Policy Statement CPS-022 on Political Activities section 6.2, the CRA presumes an activity to be political if the charity "explicitly communicates to the public that the law, policy, or decision of any level of government in Canada or a foreign country should be retained (if the retention of the law, policy or decision is being reconsidered by a government), opposed, or changed."

The Fraser Institute has explicitly communicated to the public that laws should be changed, therefore it engages in politics as defined by the CRA. For example, on September 10, 2010, the Fraser Institute published a column entitled, "Reject Unions and Prosper." Therein, Fraser Institute representatives wrote:

Specifically, provinces would do well to adopt worker-choice laws (called right-to-work laws in the United States), which would allow workers to choose whether they want to join and financially support a union.³

The above example is from 2010, and yet the Fraser Institute's CRA filings state that no political activities took place in that year. None. There are plenty of other examples of the Fraser Institute engaging in political activities – too many for this submission – but the point remains that there are large and serious gaps between the Fraser Institute's reporting and what seems to be *actually* going on.

³ Fraser Institute, "Reject Unions and Prosper," September 10, 2010, <http://www.fraserinstitute.org/publicationdisplay.aspx?id=16597>

For the record, it is not the AFL's position that charities should be barred from political activities. We believe that the free flow of ideas in the political arena is the lifeblood of healthy democracies and groups should not be marginalized from entering this arena.

The point here is that the Fraser Institute says one thing to the CRA — that they don't engage in political activities - but the reality appears to be quite the opposite.

Charities are allowed to engage in politics. The above-mentioned Policy Statement CPS-022 on Political Activities notes that a charity may take part in political activities if they are non-partisan and connected and subordinate to the charity's purposes. Guidelines developed by the CRA allow for a charity like the Fraser Institute devote no more than 12 per cent of its resources to politics.

How much political work the Fraser Institute does is known only by a handful of people in the Institute itself. The general public has to rely on the Fraser Institute's CRA filings and other publicly available information. Those sources show a profound difference between the reality of the Fraser Institute's operations and what it chooses to reveal.

Conclusion

There are large unexplained gaps between what the Fraser Institute reports to the CRA and what it actually does. In the case of the Fraser Institute's reporting on donations received by other charities, the gap is in the order of \$13,762,530, the difference between what is listed on the CRA website and what was obtained through an *Access to Information* request.

An even greater gap lies between the Fraser Institute's reports to the CRA that 100 per cent of its activities are research based and none of their activities were political in nature.

Unions are accountable to their members, many of whom donate to charities. It stands to reason that any efforts to increase transparency and accountability of so-called charities such as the Fraser Institute may help unionized workers donate even more.

Based on these two serious gaps between its CRA filings, the reality of the Fraser Institute's work, and information received through an *Access to Information* request, the AFL concludes that there are unanswered questions about how the Fraser Institute operates and what it reports to the public. These unanswered questions can only serve to undermine efforts House of Commons Standing Committee on Finance to encourage Canadians to give more to charities.