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WE scandal an opportunity to update policy for charities

By Susan Phillips, Contributor

The controversy over WE Charity and the Canada Student Service Grant may be on pause during this Parliamentary break, but its fallout is by no means over. Nor should it be.

We now know that ministerial staff apparently nudged the public service toward WE Charity to administer the \$543- million CSSG, which helps explain why so little due diligence was conducted. More than the role of political admirers of Canada's only celebrity charity is at the heart of the issue, however. The deeper problem is that the federal government lacks understanding and regular means of engagement with the charitable sector — a sector as important economically as Canada's extractive industries. This is not a new problem. The sector has tried to fix this for two decades.

The CSSG might have been well-intentioned, but it was so fundamentally flawed that no organization, including the public service, could have successfully delivered it. The CSSG planned to do the impossible: provide financial support, meaningful "volunteer" experiences and enhanced, labour-market skills for up to 100,000 students, as well as provide help to charities and nonprofits during the COVID-19 crisis, all within a few months.

In June alone, the CSSG was to create opportunities for 10,000 students with at least 50 nonprofits. If the recruitment were to be wildly successfully, with 500 nonprofits participating, each would have had to host 20 students working as much as 30 to 60 hours a week to receive the maximum grant. That's fantasy. The plan for August was even more unrealistic.

To put this in perspective, keep in mind that 90 per cent of charities have 10 or fewer employees, and due to the pandemic, one in five was already in financial trouble. The CSSG did not consider the needs and capacities in the charitable sector. Nor did it anticipate the implications of putting a monetary value on volunteering. The CSSG would not have helped the charities that needed it. At worst, it would have taken resources from them.

A key lesson from the WE controversy is that government needs a more informed relationship with the charitable sector. Here are four possibilities.

- Create a charitable-sector "cabinet" — a cross-sector roundtable that enables policy-makers to have candid conversations with sector leaders, as occur in other vital industries. If this had existed, the public service would have quickly learned that the CSSG was a balmy idea, and perhaps pushed back more vigorously.
- Institutionalize a voice for the sector within government. This presence needs to be embedded across departments and have sufficient political clout so that others take it seriously.

- Develop a policy framework for why and how government works with the sector, and give real attention to the sector in the throne speech. Perhaps dust off the accord that it signed with the sector in 2001?
- Make better use of Imagine Canada's Standards Program, one of the world's most rigorous certification systems for charities and nonprofits. A ready means of due diligence would have been to check if any of the WE charities had been certified by the standards program (they had not, for the record). Many small charities may not have the capacity to go through the certification process, although many already have because it's the right thing to do, but large organizations seeking major public funding could be expected to. The corporate sponsors that have fled WE might consider supporting the standards program.

At the very least, government must avoid making things worse for charities by imposing new heavy-handed rules on funding agreements. While the contribution agreement with the WE Charity Foundation seemed to have sailed through the approval process with few checks, a new morass of rules is not the answer. We learned this from the over-reaction to scandals in the early 2000s, which took years to untangle, with limited success. Rather, genuine funding reform is still needed, as the Special Senate Committee on the Charitable Sector recommended in its 2018 report.

The WE controversy is an opportunity to think creatively about how to modernize the policy framework and government relationships with the charitable sector, as the Trudeau Liberals promised to do when first elected. They now have another chance.

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