



The Muttart Foundation

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December 1, 2021

Mr. Nathan Neudorf, MLA
Chair
Standing Committee on Alberta's Economic Future
c/o Committee Clerk, 3rd Floor, 9820 - 107 Street
Edmonton, AB, T5K 1E7

Dear Mr. Neudorf:

The Muttart Foundation is pleased to provide this submission as the Committee undertakes the mandatory review of Alberta's Lobbyists Act. Our submission recommends that the provision exempting charities and public benefit nonprofit organizations remains intact.

Background

When the Act was first considered, the Muttart Foundation, along with almost 300 other organizations, submitted a joint presentation outlining the implications of including them in the legislation. This led to a 2007 amendment to the Act based on a provision in Quebec legislation that distinguishes between nonprofit organizations that further a public benefit, and those that serve management, union, professional, or profit-seeking interests. The former are exempt from the Act. Manitoba has subsequently adopted the same test for its exemption.

A Problem that Does Not Exist

This distinction has served Alberta well and the exemption was upheld when the Act was reviewed in 2011 and 2017. The governments of the day understood Albertans aren't interested in layering more reporting requirements onto the local charity that meets with public officials to discuss homelessness. Rather, they want to know when efforts to influence government are about commercial interest and private gain.

We are not aware of any evidence that Alberta's charities and public benefit nonprofits have abused the exemption, nor is there any public demand for this disclosure. Moreover, nonprofits are generally transparent with their memberships on when and why they are engaging with government.

During the last review, some committee members offered remarks about organizations with which they disagree, suggesting their existence might somehow provide a rationale for lifting the exemption. Obviously, a lobbyist registry is not a means for addressing dissent. It would be a sad day for democracy were this the case.

Quite simply, bringing charities and public benefit nonprofits under this Act would be creating a solution for a problem that does not exist.

Keeping the Administrative Burden in Check

It has been argued the Lobbyists Act reporting requirements are not onerous and that the registry website is relatively user-friendly. This argument fails to consider the cumulative effect of each new reporting requirement, and how each one diverts energy and attention from a nonprofit's core mission. The preamble to Alberta's Red Tape Reduction Act makes this very point. It reads,

...some regulatory and administrative requirements result in unnecessary costs for Albertans in terms of time, money or other resources, putting burdens on businesses and non-profit and public sector organizations and threatening jobs...

It goes on to assert,

*[T]he Government of Alberta is committed to acting deliberately and expeditiously to eliminate and **prevent unnecessary regulatory and administrative requirements...*** (emphasis added)

We respectfully submit that removing the exemption for public benefit nonprofits would result in "unnecessary costs" and that this review serves as an opportunity for the Government to "prevent unnecessary regulatory and administrative requirements." Again, in the absence of an actual problem that is wanting for a legislated solution, lifting the exemption would run contrary to the very purpose of the Act.

It is important to understand that merely staying on top of the rules diverts energy from mission-related activities. The current exemption is understood by Alberta's nonprofits because it makes a simple and effective distinction. If the Government were to start introducing rules containing various thresholds, or new criteria for what is charitable, it would only distract organizations from pursuing their missions while they try to figure out what it takes to stay onside. This wouldn't be a one-time occurrence. Organizations that interact with government infrequently would likely need to relearn the rules each time. Furthermore, many nonprofits experience high levels of turnover and struggle to maintain their institutional memory. Do we want the supported living agency focussed on rules guiding food safety and working alone, or worrying about whether an upcoming meeting is considered lobbying?

Unintended Consequences

If a confusing set of new rules were introduced, we could anticipate several additional unintended consequences.

Firstly, it would have a chilling effect. Some organizations would choose not to engage with government for fear of straying offside. This would deprive policymakers of rich subject matter expertise. Those served by nonprofits would have less of a voice.

Secondly, there would be high levels of noncompliance, as already-lean organizations focus their limited capacity on serving their communities.

Thirdly, no matter how simple policymakers or the registrar might think the system is, we can expect other organizations will register even though their engagement with public officials falls outside the definition of lobbying.

Lastly, the Province can expect the costs of operating the registrar's office to escalate given there are nearly 30,000 nonprofits active in Alberta.

So, the question remains: are Albertans best served by having their nonprofits and charities performing the busywork of creating tracking systems, drafting policy, and filling out forms, or by having them focussed on their missions? This is an especially timely question in the context of the ongoing pandemic. Alberta's nonprofits and charities have played a critical role in supporting Albertans through this public health crisis and will continue to do so in the recovery process that lies ahead. As their revenues have declined, they have found ways to do more, which is all the more reason to leave well-enough alone.

Conclusion

It is the view of the Foundation that the reasons to exempt charities and public benefit nonprofits remain valid and convincing. Furthermore, they align with the present-day red tape reduction goals. We therefore encourage the Committee to avoid making any recommendations to change the status quo as it relates to this exemption.

Yours truly

A handwritten signature in black ink, appearing to read "Bob Wyatt", with a long horizontal flourish extending to the right.

Bob Wyatt
Executive Director