

FEDERAL BUDGET 2023: SLIM PICKINGS FOR THE CHARITABLE AND THE NFP SECTOR

*By Terrance S. Carter, Adriel N. Clayton, Martin U. Wissmath & Lynne M. Westerhof**

A. INTRODUCTION

FINANCE MINISTER CHRYSTIA FREELAND tabled the seventh budget of the Liberal federal government (“Budget 2023”) on March 28, 2023.¹ Budget 2023 is comprised of six chapters and three annexes focussing on a wide range of issues, including supporting the middle class, investing in public health and dental care, growing a clean economy, advancing reconciliation, combatting financial crime, and implementing measures to ensure a fair tax system, amongst others matters. What Budget 2023 does not include, unlike recent budgets, are any legislative provisions aimed specifically at assisting or regulating the charitable and not-for-profit (“NFP”) sector. Instead, the specific relevancy of Budget 2023 to the charitable and NFP sector is primarily limited to various financial incentives to a number of non-profits, as well as general statements dealing with combatting financial crime, with a particular focus on strengthening efforts against money laundering and terrorist financing. A brief summary of these key aspects is set out in the balance of this *Bulletin*.

B. FINANCIAL SUPPORT FOR THE NFP SECTOR

Budget 2023 contains a number of financial initiatives aimed at supporting non-profits. The following is a select list of initiatives directed specifically at the non-profit sector:

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¹ “Budget 2023” (28 March 2023), online: *Government of Canada*: <<https://www.budget.canada.ca/2023/report-rapport/toc-tdm-en.html>>.

- Support for the Official Languages - \$117 million to support official language minority communities, which includes support for non-profit organizations that serve them;
- Support for Canadian Media - \$40 million from 2023-2024 to the Department of Canadian Heritage to support the Canadian Media Fund, a non-profit organization which helps Canadian artists and producers to make Canadian media content;
- Support for the Tourism Sector - \$108 million over three years, on a cash basis, to Regional Development Agencies in support of non-profit organizations who develop local projects to encourage the tourism industry;
- Support for the Regional Economic Growth through Innovation Program - Investment in regional innovation ecosystems across the nation will be directed towards non-profits;
- Support for Black Canadian Communities - Funding will be invested in Black-led and Black-serving grassroots and NFP organizations; and
- Support for Indigenous Communities - Financial support for Indigenous communities and a commitment to advance reconciliation.

C. ENABLING HUMANITARIAN ASSISTANCE

Though Bill C-41, *An Act to amend the Criminal Code and to make consequential amendments to other Acts*, is not specifically mentioned, Budget 2023 proposes to allocate \$16 million to initiatives proposed under that proposed legislation. As explained in greater detail in [AML/ATF and Charity Law Alert No. 51](#), Bill C-41 proposes an authorization process for NGOs seeking to provide humanitarian aid in areas controlled by terrorist groups. In Budget 2023, the \$16 million is intended to be used “for PS [Public Safety], the RCMP, GAC [Global Affairs Canada], and CSE [Canadian Security Establishment] to support the delivery of a mechanism under proposed amendments to the *Criminal Code*, to permit humanitarian assistance [...] in areas controlled by terrorist entities.”

D. PROPOSED CHANGES TO AML/ATF REGIME COULD AFFECT CHARITIES & NFPS

Charities and NFPs may be affected by proposed changes to Canada’s anti-money laundering and anti-terrorist financing (AML/ATF) regime. In particular, organizations that send funds abroad to areas of

conflict, such as NGOs that provide humanitarian aid, may want to follow the development of AML/ATF legislation as proposed in the budget.

Specifically, Budget 2023 sets out the federal government's general vision to combat financial crime by introducing legislative amendments to the *Criminal Code* and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) which will, among other things:

- Improve financial intelligence information sharing between law enforcement and the Canada Revenue Agency in addition to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC);
- Introduce a new offence for structuring financial transactions to avoid FINTRAC reporting; and
- Set up obligations for the financial sector to report sanctions-related information to FINTRAC.

There will also be a parliamentary review of the PCMLTFA launched in 2023, which “will include a public consultation that will examine ways to improve Canada’s Anti-Money Laundering and Terrorist Financing (AML/ATF) Regime”. As part of this review, Budget 2023 also proposes to review the mandate of FINTRAC to determine if this mandate “should evolve to include the financing of threats to Canada’s national and economic security”.

Budget 2023 also provides that its review of the digitalization of money (first announced in Budget 2022 with new regulations about crowdfunding) will continue, as the government seeks to “protect Canadians from the risks of crypto-asset markets”. Further details about measures related to the digitalization of money are to be provided in the 2023 Fall Economic and Fiscal Update.