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Canada's Nonprofit Sector Has Much to Gain from Reform of Organizational and Supervisory Laws

Ottawa – Canadians and Canadian industry demonstrate trust in and support for charitable organizations by volunteering their time and services and by donating cash, but the laws and mechanisms that are in place to facilitate nonprofit activity and build confidence in charitable and other nonprofit organizations are inadequate. Canada's organizational and supervisory laws have yet to catch up with the burgeoning role that nonprofits are playing in contemporary society.

Organizational and Supervisory Law in the Nonprofit Sector, a new working paper released today by the Canadian Policy Research Networks (CPRN), describes the reforms that are needed to respond to the growing impact of nonprofits in Canada and to ensure the integrity of the sector.

Working paper authors Ronald Hirshhorn, an Ottawa-based consultant and Director of CPRN's Nonprofit Sector Project, and David Stevens, a professor of law at McGill University, suggest that current legislative shortcomings require a major reform of organizational and supervisory law. According to the paper, "The current picture is more one of valuable social activity occurring in spite of the law that was meant to encourage and enhance it, not because of it."

"What stands out in terms of the nonprofit sector," says Ronald Hirshhorn, "is its extraordinary diversity. Nonprofits are national and local; they are hospitals, day cares and churches; they are fundraisers and research bodies and private charities. Legislation must be able to accommodate organizations pursuing very different purposes and doing so through a wide variety of forms and structures."

The report identifies the most cumbersome aspects of the current legal regime, such as the lack of national coordination, the need for better access to information, and the limited recourse for members, donors, volunteers and other stakeholders when managers of nonprofits do not act in the public interest. It all comes down to accountability in the nonprofit sector.

“Both the public and governments are turning to nonprofits as an effective way to achieve social goals,” says Judith Maxwell, CPRN President. “Nonprofit organizations that operate in a supportive environment bring out the best in people and allow them to accomplish great things. That alone is not a bad argument for paying more attention to the shaping of this emerging sector.”

Organizational and Supervisory Law in the Nonprofit Sector is the first of three research papers commissioned by CPRN to be published. Papers on the size and scope of the nonprofit sector and the tax treatment of nonprofits are the two other papers to be published this fall. Results of a CPRN Roundtable on these three papers and an overview study can be found in *The Emerging Sector: In Search of a Framework*.

This working paper is a first step in the Nonprofit Sector Research Initiative of The Kahanoff Foundation. The Foundation has undertaken to fund research and public education activities that will improve the formal knowledge base about Canada’s nonprofit sector and will broaden the understanding of the role it plays in our civil society.

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CPRN is a national not-for-profit research institute whose mission is to create knowledge and lead public debate on social and economic issues important to the well-being of Canadians, in order to help build a more just, prosperous and caring society.

For more information on the publication, please contact:

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