

Clause embodied in Report No. 1 of the Policy and Finance Committee, which was before the Council of the City of Toronto at its regular meeting held on February 4, 5 and 6, 2003.

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Policy on Political Activities for Grant Recipients

(City Council at its regular meeting held on February 4, 5 and 6, 2003, deferred consideration of this Clause to the next regular meeting of City Council scheduled to be held on April 14, 2003.)

The Policy and Finance Committee recommends the adoption of the recommendation of the Grants Sub-Committee embodied in the communication (November 18, 2002) from the City Clerk.

The Policy and Finance Committee reports, for the information of Council, having requested the Commissioner of Community and Neighbourhood Services to submit a report directly to Council for its meeting scheduled to be held on February 4, 2003:

- (1) recommending an amendment to Appendix A embodied in the report (November 5, 2002) from the Commissioner of Community and Neighbourhood Services, entitled "Policy on Political Activities" that would make reference to the date (August 1) associated with the prohibition regarding the use of Councillors Office Expenses; and
- (2) providing wording within the recommendations that would allow community neighbourhood centres to hold "all candidates meetings" during election periods.

The Policy and Finance Committee submits the following communication (November 18, 2002) from the City Clerk:

Recommendation:

The Grants Sub-Committee recommends to the Policy and Finance Committee the adoption of the report (November 5, 2002) from the Commissioner of Community and Neighbourhood Services.

The Grants Sub-Committee reports for the information of the Policy and Finance Committee, having forwarded a copy of the aforementioned report to the Administration Committee, for information purposes.

Background:

The Grants Sub-Committee at its meeting held on November 18, 2002, had before it the following:

- (1) (November 5, 2002) report, from the Commissioner of Community and Neighbourhood Services, recommending that:
 - (1) the Policy on Political Activities, Appendix A, be approved and applied to all City grant programs, and
 - (2) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto; and
- (2) (April 26, 2002) communication, from the City Clerk, forwarding Clause No. 2 contained in Report No. 3 of The Administration Committee, headed "Policy Statement and Guidelines for Political Activities of City Grant Recipients", which was adopted, as amended, by the Council of the City of Toronto at its meeting held on April 16, 17 and 18, 2002; and advising that Council directed that the request for a policy statement and guidelines be referred to the Grants Sub-Committee for inclusion in its current review of the City of Toronto Grants Policy, being reported out in mid-2002, and that such policy and guidelines be developed in consultation with stakeholders.

Mr. Rob Howarth, on behalf of Toronto Neighbourhood Centres, appeared before the Grants Sub-Committee in connection with the foregoing matter and filed a written submission with respect thereto.

(Report dated November 5, 2002, addressed to the
Grants Sub-Committee from the
Commissioner of Community and Neighbourhood Services)

Purpose:

To recommend the Policy and Political Activities adopted by the Toronto Atmospheric Fund apply to all City grant programs beginning in 2003.

Financial Implications and Impact Statement:

There are no financial implications arising from this report.

Recommendations:

It is recommended that:

- (1) the Policy on Political Activities, Appendix A, be approved and applied to all City grant programs, and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

At its meeting held on April 16, 17 and 18, 2002, Council adopted, as amended, Clause No. 2 contained in Report No. 3 of the Administration Committee, headed "Policy Statement and Guidelines for Political Activities of City Grant Recipients". This report recommended that the "request for a policy statement and guidelines be referred to the Grants Sub-Committee for inclusion in its current review of the City of Toronto Grants Policy."

The review of the City of Toronto Grants Policy will not be completed until mid 2003 and before Council until early 2004 (the timing due in part to 2003 being a municipal election year). However, given that 2003 is a municipal election year, the policy clarification is required prior to 2003.

Comments:

The issue of political activity undertaken by grant funded agencies is complex in that while a policy is required to prohibit the direct or indirect support of, or opposition to, any political party or candidate, such prohibition should not hinder an organizations ability to comment on political issues and matters of public policy. It is in the interest of Council, as defined in Council's Strategic Plan, to support community structures that facilitate citizen involvement in political issues and matters of public policy.

The Toronto Atmospheric Fund (TAF) was directed to develop a policy on political activities subsequent to the 2000 municipal election. The policy contained in Appendix A is modified from the current TAF policy, which was approved by the TAF Board on May 16, 2002.

Once approved by Council, the policy will be communicated to all organizations applying for support through City grant programs in 2003. Staff will investigate when an organization is seen to be in contravention of the policy and report the findings of the investigation to the Grants Sub – Committee. Should an organization be determined to be in contravention of the policy it will not be eligible for consideration for City funding until the political activity ceases.

TAF has operated through two grants cycles with the policy in place and has not identified any significant issues with the policy.

Conclusion:

It is recommended that the Policy on Political Activities be adopted by all City grant programs for 2003. The Policy will be reviewed when Council considers the revised City of Toronto Policy in 2004.

Contact:

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List of Attachments:

Appendix A: Policy on Political Activities

Appendix A

Policy on Political Activities

- (1) This Policy on Political Activities defines eligible and ineligible uses of funds provided by the City of Toronto through grants programs as well as restricted and unrestricted activity within any City grant-funded activity.

In cases where a grant recipient devotes part of its resources to political activities:

- (a) such political activities must be ancillary and incidental to its mandate, purpose, and project or service activities; and
 - (b) such political activities must not include the direct or indirect support of or opposition to, any political party or candidate for public office.
- (2) An “ancillary and incidental” activity is one that is naturally connected with and subservient to a grant recipient’s larger mandate, purpose, and project, service, or educational activity, or something that exists only in conjunction with such larger mandate, purpose, and project, service, or educational activity.
- (3) A grant recipient may not use funds provided by the City to oppose or endorse a named candidate, party, or elected official. Funds provided by the City may not be devoted directly to such activities, or devoted indirectly through provision of resources to a third party engaged in partisan political activities.
- (4) Political activities undertaken as part of a City funded project not subject to any limitation include:
- (a) oral and written presentations to the relevant Councillors to present the proponent’s views or to provide factual information;
 - (b) oral and written presentations or briefs containing factual information and recommendations to the relevant committees of Council;
 - (c) the provision of information and the expression of non-partisan views to the media that fall within the general ambit of the grant recipient’s mandate or purpose, as long as the devotion of resources to such activity is reasonable in the circumstances (i.e., is intended to inform and educate by providing information and views designed primarily to allow full and reasoned consideration of an issue, rather than to influence public opinion or to generate controversy);

- (d) publications, conferences, workshops and other forms of communication that are produced or organized by a grant recipient in order to sway public opinion on political issues and matters of public policy;
- (e) advertisements in newspapers, magazines or on television or radio to the extent that they are designed to attract interest in, or gain support for, a grant recipient's position on political issues and matters of public policy;
- (f) public meetings or lawful demonstrations that are organized to publicize and gain support for a grant recipient's point of view on matters of public policy and political issues; and
- (g) mail campaigns: requests by a grant recipient to its members or the public to forward letters or other written communications to the media and government expressing support for the organization's views on political issues and matters of public policy.

However, none of the above activities may take place in the context of an election campaign, or be carried out in a manner, which may reasonably be construed as supporting a particular candidate, elected official or particular party.

(Communication dated April 26, 2002, addressed to the
Grants Sub-Committee from the City Clerk)

I am enclosing for your information and any attention deemed necessary, Clause No. 2 contained in Report No. 3 of The Administration Committee, headed "Policy Statement and Guidelines for Political Activities of City Grant Recipients", which was adopted, as amended, by the Council of the City of Toronto at its meeting held on April 16, 17 and 18, 2002.

Council directed that the request for a policy statement and guidelines be referred to the Grants Sub-Committee for inclusion in its current review of the City of Toronto Grants Policy, being reported out in mid-2002, and that such a policy and guidelines be developed in consultation with stakeholders.

The Policy and Finance Committee also submits the following communication (December 12, 2002) from the City Clerk:

Recommendations:

The Administration Committee on December 12, 2002, recommended to the Policy and Finance Committee and Council:

- (1) the adoption of the Recommendations of the Grants Sub-Committee embodied in the communication (November 18, 2002) from the City Clerk, subject to amending the last

paragraph in Appendix “A”, entitled “Policy on Political Activities”, appended to the report (November 5, 2002) from the Commissioner of Community and Neighbourhood Services, by deleting the following words “take place in the context of an election campaign, or”, so that the paragraph now reads as follows:

“However, none of the above activities may be carried out in a manner which may reasonably be construed as supporting a particular candidate, elected official or particular party.”; and

- (2) that the Commissioner of Community and Neighbourhood Services be requested to submit a report to the Administration Committee within a year on the impact of this policy, having first consulted with stakeholders.

Background:

The Administration Committee at its meeting held on December 12, 2002, had before it a communication (November 18, 2002) from the City Clerk advising that the Grants Sub-Committee at its meeting held on November 18, 2002 had before it the following:

- (I) (November 5, 2002) report, from the Commissioner of Community and Neighbourhood Services, recommending that:
 - (1) the Policy on Political Activities, Appendix A, be approved and applied to all City grant programs, and
 - (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto; and
- (II) (April 26, 2002) communication, from the City Clerk, forwarding Clause No. 2 contained in Report No. 3 of The Administration Committee, headed “Policy Statement and Guidelines for Political Activities of City Grant Recipients”, which was adopted, as amended, by the Council of the City of Toronto at its meeting held on April 16, 17 and 18, 2002; and advising that Council directed that the request for a policy statement and guidelines be referred to the Grants Sub-Committee for inclusion in its current review of the City of Toronto Grants Policy, being reported out in mid-2002, and that such policy and guidelines be developed in consultation with stakeholders;

and advising that the Grants Sub-Committee directed that a copy of the aforementioned report be forwarded to the Administration Committee, for information purposes.

The following material was forwarded to all Members of Council with the January 23, 2003, agenda of the Policy and Finance Committee and a copies thereof are also on file in the office of the City Clerk, City Hall:

- Clause No. 2 contained in Report No. 3 of The Administration Committee, headed “Policy Statement and Guidelines for Political Activities of City Grant Recipients”;
- (November 5, 2002) report from the Commissioner of Community and Neighbourhood Services addressed to the Grants Sub-Committee, a copy of which is set out after the communication dated November 18, 2002, from the City Clerk, Grants Sub-Committee in this Clause.

(City Council, at its regular meeting on February 4, 5, and 6, 2003, had before it, during consideration of the foregoing Clause, the following report (January 29, 2003) from the Commissioner of Community and Neighbourhood Services:

Purpose:

To provide clarification regarding the proposed policy on political activities for grant recipients as directed by the Policy and Finance Committee at its meeting held on January 23, 2003.

Financial Implications and Impact Statement:

There are no financial implications arising from this report

Recommendations:

It is recommended that:

- (1) the revised policy on political activities contained in Appendix 1 of this report be approved and applied to all City grant programs;*
- (2) the Commissioner of Community and Neighbourhood Services submit a report to the Grants Sub-Committee within a year on the impact of this policy, after consultation with stakeholders; and*
- (3) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.*

Background:

At its meeting held on April 16, 17 and 18, 2002, Council adopted, as amended, Clause No. 2 contained in Report No. 3 of the Administration Committee, headed “Policy Statement and Guidelines for Political Activities of City Grant Recipients”. This report recommended that the “request for a policy statement and guidelines be referred to the Grants Sub-Committee for inclusion in its current review of the City of Toronto Grants Policy.”

The review of the City of Toronto Grants Policy will not be completed until early 2004. However, given that 2003 is a municipal election year, the policy clarification is required prior to 2004.

A report with a proposed policy on political activities was submitted to the Grants Sub-Committee for consideration at its meeting held on November 18, 2002. The Grants Sub-Committee recommended the adoption of the report to the Policy and Finance Committee and referred it to the Administration Committee for information purposes.

The Administration Committee on December 12, 2002, recommended to the Policy and Finance Committee and Council:

- (1) the adoption of the Recommendations of the Grants Sub-Committee embodied in the communication (November 18, 2002) from the City Clerk, subject to amending the last paragraph in Appendix "A", entitled "Policy on Political Activities", appended to the report (November 5, 2002) from the Commissioner of Community and Neighbourhood Services, by deleting the following words "take place in the context of an election campaign, or", so that the paragraph now reads as follows:*

"However, none of the above activities may be carried out in a manner which may reasonably be construed as supporting a particular candidate, elected official or particular party"; and

- (2) that the Commissioner of Community and Neighbourhood Services be requested to submit a report to the Administration Committee within a year on the impact of this policy, having first consulted with stakeholders.*

Subsequent to this direction, the Policy and Finance Committee on January 23, 2003, recommended:

The Policy and Finance Committee reports, for the information of Council, having requested the Commissioner of Community and Neighbourhood Services to submit a report directly to Council for its meeting scheduled to be held on February 4, 2003;

- (1) recommending an amendment to Appendix A embodied in the report (November 5, 2002) from the Commissioner of Community and Neighbourhood Services, entitled "Policy on Political Activities" that would make reference to the date associated with the prohibition regarding the use of Councillors Office Expenses; and*
- (2) providing wording within the recommendations that would allow community neighbourhood centres to hold "all candidates meetings" during election periods.*

Through this report, the Community and Neighbourhood Services Department is responding to the request of the Policy and Finance Committee, and proposes a revised wording to the "Policy on Political Activities" as directed by Policy and Finance Committee, and in consideration of the recommended amendments from Administration Committee.

Comments:

Defining limitations on political activity undertaken by grant funded agencies is a complex exercise insofar as the policy outcome of prohibiting direct or indirect support of, or opposition

to, any political party or candidate (i.e. partisan political activities), must be achieved without undermining an organizations ability to comment on political issues and matters of public policy. Toronto City Council's Strategic Plan contains a community capacity goal stating that "Individuals and groups have a collective sense of belonging and contributing to the city, and have the capacity to participate in the city's social, political, economic and cultural life." It is in the interest of Council, as defined in Council's Strategic Plan, to support community structures that facilitate citizen involvement in political issues and matters of public policy.

The proposed policy submitted to the Grants Sub – Committee in November 2002 was a modified version of the current Toronto Atmospheric Fund (TAF) policy on political activities, which was developed following the 2000 municipal election. The TAF policy was developed using the language and concepts concerning political activities as set out in the federal Income Tax Act and Canada Customs and Revenue Agency (CCRA) Information Circular (IC87-1) concerning ancillary/incidental political activities.

Taken together, the Income Tax Act and CCRA guidelines prohibit partisan political activities and set forth conditions and restrictions with respect to non-partisan political activities undertaken by a registered charity. The CCRA defines partisan activities in clause 10 of IC87-1 as follows:

"A charity may not oppose or endorse a named candidate, party, or politician. The charity's resources may not be devoted directly to such activities, or devoted indirectly through provision of resources to a third party engaged in partisan political activities."

The need for a City policy with respect to political activities is specifically related to partisan political activities. Any limits on non-partisan political activities would be contrary to Council's Strategic Plan goals relating to community capacity and civic participation.

The amendment recommended by the Administration Committee is helpful in clarifying the intent of the policy to focus on partisan political activity only. It also clarifies that the prohibition with respect to partisan political activities applies at all times. This clarification negates the need to amend the policy to identify a specific date this policy would be in effect, as recommended by the Policy and Finance Committee and results in a simplified policy statement. The second amendment recommended by the Policy and Finance Committee was to ensure that "all candidates meetings" were identified as non-partisan political activities. This amendment has been made. A revised Policy on Political Activities, with these amendments is contained in Appendix "A".

Conclusions:

The proposed policy on political activities of City grant recipients was considered by the Grants Sub-Committee, Administration Committee and Policy and Finance Committee. A revised Policy on Political Activities for City grant recipients is contained in Appendix "A". It has been amended to achieve the policy outcome of prohibiting grant recipients from using City funding for partisan political activities. The policy clearly states that non-partisan political activities must be ancillary and incidental to an organizations mandate and must not include the direct or

indirect support of or opposition to, any political party, or candidate for public office. It is recommended that Council approve the policy as amended.

Contact:

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List of Attachments:

Appendix “A” – Policy on Political Activities

Appendix A

Policy on Political Activities

- (1) *This Policy on Political Activities defines eligible and ineligible uses of funds provided by the City of Toronto through grants programs as well as restricted and unrestricted activity within any City grant-funded activity.*

In cases where a grant recipient devotes part of its resources to political activities,

- *such political activities must be ancillary and incidental to its mandate, purpose, and project or service activities,*
 - *such political activities must not include the direct or indirect support of or opposition to, any political party or candidate for public office.*
- (2) *An “ancillary and incidental” activity is one that is naturally connected with and subservient to a grant recipient’s larger mandate, purpose, and project, service, or educational activity, or something that exists only in conjunction with such larger mandate, purpose, and project, service, or educational activity.*
- (3) *A grant recipient may not use funds provided by the City to oppose or endorse a named candidate, party, or elected official. Funds provided by the City may not be devoted directly to such activities, or devoted indirectly through provision of resources to a third party engaged in partisan political activities.*
- (4) *Political activities undertaken as part of a City funded project not subject to any limitation include:*
- *all candidates meetings,*
 - *oral and written presentations to the relevant Councillors to present the proponent’s views or to provide factual information,*
 - *oral and written presentations or briefs containing factual information and recommendations to the relevant committees of Council,*

- *the provision of information and the expression of non-partisan views to the media that fall within the general ambit of the grant recipient's mandate or purpose, as long as the devotion of resources to such activity is reasonable in the circumstances (i.e., is intended to inform and educate by providing information and views designed primarily to allow full and reasoned consideration of an issue, rather than to influence public opinion or to generate controversy),*
- *publications, conferences, workshops and other forms of communication that are produced or organized by a grant recipient in order to sway public opinion on political issues and matters of public policy,*
- *advertisements in newspapers, magazines or on television or radio to the extent that they are designed to attract interest in, or gain support for, a grant recipient's position on political issues and matters of public policy,*
- *public meetings or lawful demonstrations that are organized to publicize and gain support for a grant recipient's point of view on matters of public policy and political issues, and*
- *mail campaigns: requests by a grant recipient to its members or the public to forward letters or other written communications to the media and government expressing support for the organization's views on political issues and matters of public policy.*

However, none of the above activities may be carried out in a manner which may reasonably be construed as supporting a particular candidate, elected official or particular party.)