# The Case for Canadian Public Benefit Corporation Legislation

## A plain-language introduction to federal Public Benefit Corporation legislation

Canada's social needs extend across regions, generations and the boundaries of individual programs. Meeting those needs calls for organizations with the resources to develop useful services, the freedom to respond to changing circumstances and the responsibility to show what improves in people's lives.

A federal Public Benefit Corporation would provide an additional way to organize this work. It would combine the investment capacity of a business with a community purpose written into its governing documents, duties to pursue that purpose and public reporting.

The goal is practical: help organizations build and sustain work that improves quality of life. Across disability supports, housing, employment, children's well-being and other fields, the question is what people gain from the resources committed on their behalf. Better services matter. So do greater choice, participation and control over daily life.

This is an evolution in how we organize and finance public-benefit work. It would give communities, entrepreneurs and investors another tool, operating alongside charities, cooperatives, existing businesses and public institutions.



## How the proposed structure would work

A Public Benefit Corporation would be a business with a stated community purpose. It could earn revenue and issue shares to investors who understand its purpose, obligations and financial risks. Investment could help finance facilities, technology, staff development or new services before they generate enough income to support themselves. Continuing revenue would sustain the work over time.

The proposal would establish this option under the Canada Business Corporations Act. [1] Its main features are straightforward:

**01** The community purpose would be set out in the corporation's governing documents.

**02** Directors and officers would have to act with a view to that purpose alongside their existing legal responsibilities.

**03** Ordinary rules would govern dividends and share payments; operating-transfer safeguards would remain.

**04** Annual public reports would describe activities and results for each purpose in the articles and disclose financial information.

**05** Closure would follow ordinary corporate rules, respecting creditors and shareholders' rights without a compulsory community allocation.

# Participation and capacity



## People should have a meaningful say

An organization's public purpose should be understandable to the people it affects. They should be able to help identify priorities, explain what is working and raise concerns when decisions make their lives harder.

For disability-related work, this means paying attention to people's choices about their homes, work, support and participation in the community. Medical expertise has an important place where it is needed. Decisions about the whole of a person's life should also reflect that person's rights, wishes and experience. [4]

The same principle reaches beyond disability. Children's views, appropriate to their age and circumstances, and the experiences of other affected communities can reveal needs that financial statements and service totals miss. [5]

These are goals to develop alongside the corporate framework. They require practical arrangements for participation and a clear response to what people say. The value lies in whether their involvement can influence decisions.

## Capacity to work independently and across regions

A wider choice of financing and income sources could give organizations more room to pursue their community purpose. That capacity should be supported by clear rules about ownership, decision-making and protection of the purpose.

It could also support independent research and public discussion about how services and policies affect people, including questions raised by disability rights, children's rights and other public commitments.

A national framework would support organizations working across regions and sharing expertise, infrastructure and resources. Local priorities would still matter, as would provincial operating requirements. Organizations should be able to explain why resources were directed to particular communities and what needs those decisions addressed.

## Accountability that people can understand

### Public reporting should connect how money is used with what improves in people’s lives.

An organization should explain what it set out to achieve, who benefited, which needs remain unmet and whether improvements lasted. Where results fall short, it should describe what it learned and what it will change. Reporting should protect personal privacy and be understandable to the communities concerned.

Financial information remains essential. It shows the resources available and how they were managed. Evidence about people’s circumstances helps establish whether those resources achieved the intended benefit. Developing useful measures, with the people affected, would strengthen both management and public accountability.

> The corporation would operate under ordinary tax rules. The designation would not give it charitable status or the right to issue charitable donation receipts. Investors would receive clear information about the corporation’s purpose, obligations and financial risks.



# Building on experience



Other jurisdictions have already expanded their legal tools for public-benefit enterprise. The United Kingdom introduced Community Interest Companies in 2005. [2] Delaware provides a public benefit corporation structure. [3] These are different legal models, but each offers experience in combining business activity with an explicit public purpose.

The proposal is a federal option under the Canada Business Corporations Act, suited to organizations working nationally. [1] The accompanying working legislation sets out the proposed framework for review. It is not existing law or a final bill.

Canada can draw on this experience while developing its own approach with affected communities, businesses, investors and legal and accounting practitioners.

We want this proposal to inform federal legislation and welcome parliamentarians and government leaders willing to advance the discussion.

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## SOURCES

[1] Canada — Canada Business Corporations Act — https://laws-lois.justice.gc.ca/eng/acts/C-44/FullText.html

[2] UK Parliament — Community Interest Companies — https://commonslibrary.parliament.uk/research-briefings/sn03426/

[3] Delaware — Public benefit corporations — https://delcode.delaware.gov/title8/c001/sc15/index.html

[4] United Nations — Convention on the Rights of Persons with Disabilities Articles 3, 4(3), 19 and 27 — https://www.treaty-accord.gc.ca/Treaty_Docs/PDF/105090.pdf

[5] United Nations — Convention on the Rights of the Child, Article 12 https://www.unicef.org/child-rights-convention/convention-text