



# The Change Canada

## CHARITABLE FOUNDATION

THE CHANGE CANADA CHARITABLE FOUNDATION NEWSLETTER

MAY 2004

## DONATIONS FEED HUNGRY CHILDREN

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AN UPDATE ON  
CHANGE  
CANADA'S FOOD  
DONATIONS  
AND GRANTS  
PROGRAM TO AID  
CHILDREN IN  
NORTH KOREA  
AND CANADA

**I**t took us only thirty seconds to cross the frozen Tumen River into North Korea (N.K.) from northeast China on Tuesday afternoon, March 9th. In those thirty seconds, Philip Schatz (General Manager of the Global Relief Fund) and I were transported back in time. Upon entering N.K. to confirm delivery of the food that many readers of this newsletter donated to the Change Canada Charitable Foundation, we left the heated buildings,

hot water, 24-hour power and modern highways of China behind, planting ourselves in a van on a principal roadway that would have challenged the skills of even the most intrepid Canadian SUV drivers. We waited over an hour at the N. Korean border while Customs officials and our assigned "guides" closely scrutinized us in a building that was colder inside than out, and it was minus 6°C outdoors! We were soon to discover that no building in this part of North Korea is heated.

**O**ur 60 kilometre dirt road drive to Rajin took us over switch back strewn passes, thronged by hundreds of North Korean peasants, walking to where we could only guess, using more modes of non-motorized transportation than I have ever seen employed anywhere I have

travelled. In nearly every case the individuals or their conveyances were carrying such huge loads of personal belongings or material like fire wood that the balancing act alone defied our imaginations! Men, women as well as a few children were pushing and pulling their stuff over a bone jarring, mud clogged, icy road, expending incredible amounts of energy just to keep moving. With the sun setting and the wind chill rising, I hoped they all found shelter and an adequate meal before the night, but neither appeared likely in a country where up to 10% of the children are at risk of starvation. With this compelling introduction, I understood why every aid organization consulted told the Change Canada Charitable Foundation to donate as much food as possible to the hungry children and families in North Korea.



Crossing into N. Korea over the Tumen River to a country where people have been forced to eat grass and tree bark. A place out of time!

I introduce our trip to China and North Korea to you in this way not so we look like we were making a great sacrifice. It was hardly that, but from here in Canada it can be difficult to comprehend the daily conditions that ordinary citizens of North Korea must deal with, especially in the winter. We were there when the temperatures at night were still plunging to minus 10°C, but, had we gone as originally scheduled just two weeks earlier at the end of February, we would have experienced night temperatures that plunged below -25°C, not unlike much of Canada at that time of the year. Canadians, including those generous individuals who participated in this food aid project by donating their rice and barley grass, know what it feels like to be outdoors during a winter cold snap. Now imagine if our children were

daily reality for all the orphans and families we met in North Korea. Hence the importance of this innovative intersectoral partnership between business - Canadians Change the World (CCTW) operating a registered tax shelter under the Income Tax Act of Canada - and the non-profit sector, the Change Canada Charitable Foundation, with the Children's Emergency Foundation, Global Relief and nongovernmental aid organizations in China and North Korea (which, for security reasons cannot be identified). As a result of this registered Gifts-In-Kind (GIK) tax shelter, donations of 326 metric tons of rice, 42 metric tons of barley grass and cash grants totaling over \$180,000 were generated. I'm sad and frustrated to tell you that this food aid program had just begun to

spite of this, the rice donation alone will provide up to 1,630,000 meals with an additional 14 million

then Finance Minister Manley and his officials when they killed this valuable program. I won't



Coming out of hiding from the hills in the dead of night, a knock on any village door leads cold and desperate N. Koreans to "the building with the cross" for rice donated by Canadians, as was the money for the church.

individual barley grass supplements. In the design consultations for this program, we learned from the limitations in other programs and ensured that the funding Change Canada received covered all the operational costs for the program. In addition The Canadian Children's Emergency Foundation have been able to provide 20,000 additional balanced meals per week for their national school meal program through a grant from Change Canada as a result of the tax shelter program. Now 170,000 balanced meals a week are being provided to hungry children in schools across this country.

go into details here, although I will say that once in North Korea it was clear to all the partners in this program that it was a "win-win-win" situation for all concerned; especially for the hungry children. If the Canadian government had allowed this program to operate for just a few more weeks, we estimate we would have provided at least two million additional meals for North Korean children, plus 25,000 more balanced meals per week for hungry Canadian school children have been added to CEF's national school meal program. Imagine: 45,000 more children could have been receiving a balanced meal once a day. We all know that it is hard to be academically successful when you are hungry and your brain isn't getting enough nutrition to run on.

Seeing the suffering in North Korea, not to mention in Canada, I continue to be flabbergasted by the priorities demonstrated by



Living in unheated homes with little or no hot water or electricity, without enough food is the daily reality for North Korean children.

living in unheated homes with little or no hot water or electricity, without enough food for their healthy development. This is the

build momentum when our then Finance Minister John Manley caused its premature demise at 6 p.m. on December 5th 2003. In

**D**o 1.63 million meals of rice and 14 million doses of barley grass supplement sound like a lot? Consider that this translates into an average 200-grams of rice or corn a day for a North Korean child. This is the equivalent of less than a cup of “rice crispies”. Imagine telling a child - perhaps your own child or grandchild at supper time tonight - that they’ve already had their only meal of the day at breakfast. Canadians who participated in the CCTW registered tax shelter and chose to donate the food to Change Canada need to know that everyone we visited expressed appreciation because they knew that these Canadian donations of rice were going to be the only deliveries expected for at least a couple of months. Now, let me tell you how North Koreans are risking their lives for rice.

**O**n Monday March 8th, we visited a small village sitting along the banks of the frozen Tumen River upriver from the city of Tumen, China, where a metric ton of our rice had been delivered only a few days before —just as the local pastor had run out of his previous food supplies. The pastor told us how North Koreans, sometimes after walking for days over extremely rugged terrain, would hide out in nearby hills until darkness helped cloak their movements from North Korean border guards. The guards patrolled along this section of their border to prevent their citizens from crossing into

China. They have permission to use lethal force if necessary to prevent crossings. This dedicated minister provided food whenever he could to these desperate North Korean peasants night after night after night! People have been coming in the hundreds this winter. As we left, the pastor was looking across the Tumen River into the frozen hills of North Korea as he continued to prepare for another group of hungry peasants he expected that night, telling us that our easily carried 5 kg bags of rice were going to make the difference between hunger through the coming spring and survival into the growing season. Upon our return to Canada, the minister’s words were reinforced when I read the following headline in a Canadian newspaper article: “North Korea UN Food Aid Shortfall - Wild grasses become a ‘coping mechanism’ for a starving people” (National Post, March 31, 2004).

**T**he next day we left China for Rajin, the most northerly town in North Korea, at the Sino Russian border. We arrived at dusk and as soon as we were checked into our hotel we met our North Korean hosts. On arrival at the border earlier that afternoon, we were greeted and accompanied by two North Korean “guides” who would be with us throughout our visit (and who would confiscate a film from my camera during the site visits). Over a simple

supper in a very cold hotel restaurant, they expressed their thanks for the rice donations that had arrived. Everyone at the table was very well layered, including long underwear! We discussed our itinerary for the next day and then went to bed in equally cold bedrooms, because as I mentioned, buildings in the region of North Korea are not heated.

**I** awoke Wednesday morning to a rousing rendition of songs and speeches blaring from a sound truck in the town square, right below my window. Our team leader, the assistant director of our Chinese non-governmental

they would continue to monitor distribution of our rice until final delivery into the spring.

**O**n our last visit of this day, the reality for most ordinary North Koreans, especially the thousands of North Korean orphans, became vividly clear. We took a rough dirt road out to the edge of town. In a muddy lane we came to a halt by a low-slung building surrounded by a wooden fence, identified by our hosts as an orphanage. It was composed of three rooms - a central kitchen, where we found a metric ton of CCTW rice piled high - plus two other main rooms. Our guides said that



**Over a metric ton of our rice sits in the kitchen of an orphanage in Rajin where up to 100 children live.**

aid partner, explained to us over breakfast that this morning ritual was intended to inspire everyone to work hard! It was the beginning of a busy day of meetings and site visits, which enabled Philip and I to confirm that the rice had arrived and was being used as intended. Our Chinese partners promised us that

32 orphans lived there, although we were quietly told but could not confirm that upwards of 100 children were actually there. This being said, the rooms we saw could not have been more than 5m by 3m, so even if only 32 children lived there it was already an extremely tough situation. We all expressed our

admiration to the two staff people who ran this orphanage. It was obvious to us that they were as dedicated to the children under their care as are those Canadians who assume this task in our country. Because there appeared to be a major gap in the report on how many children actually lived in this orphanage, our aid partners assured us that the organization would monitor the facility and provide additional allocations of rice for the children, if needed.

**T**he much higher value of the barley grass supplement prompted everyone involved to take extra care in ensuring that it was going to be safely and securely shipped to those who needed it in North Korea. Philip knew from experience that, if greater precautions were not taken, there was a very high probability that the barley grass could be stolen. As a result, barley grass deliveries will not occur until the end of April when it will be shipped to orphanages in the southern parts of North Korea. Global Relief has teamed up with an outstanding network of aid organizations to manage and audit the delivery of the barley grass to orphanages in this area. We have every confidence that they will be as successful as our aid partner has been in the northern part of North Korea.

**A**nd now to how this much needed program has been “killed” by Canadian tax officials. In a surprise announcement on December 5th 2003, then Minister of Finance Manley, on recommendations from his officials, chose to throw this innovative poverty relief tool into the garbage, as one of his last ministerial

acts. We all know that when people have an adequate amount of nutrition, clothing, footwear, shelter and medicine, they can start to build out of poverty. By their actions, it seems that Mr. Manley and his officials chose not



**R.A. Sannett school in Whitby Ontario, one of 372 across Canada that participate in CEF's school meal program. Over 543 balanced meals and snacks are served every week to hungry school children.**

to value how such tax shelters encouraged, supported and increased help to people living in poverty. I thought of this as I was climbing into my warm bed in Yanji, with the mercury dropping down below minus 10°C, and of North Korean families getting ready to cross the frozen Tumen River under cover of darkness, to that small village where they would receive 5 kg bags of rice - via caring Canadians who had bought the food and donated it - before Mr. Manley's unilateral announcement.

**I** tried to imagine as I dropped off to sleep whether Minister Manley and his officials had bothered to discuss the value of a poor child's future when deciding to shut down this innovative and ethical use of a legal tax shelter program that is saving N. Korean lives, as well as feeding Canadian school children. The program was helping and could have helped so many more children. It seems that the

cost of a child's future was far too high when compared to how they calculated “cost” to the Canadian treasury.

**T**his is why we have dug the registered tax shelter provisions “out of the federal garbage heap” and formed C-PREG, the Coalition for Poverty Relief and Effective Giving, to provide information on viable options to redesign and improve tax policy and rules for the direct relief of poverty through more effective giving. So if you wish more information on C-PREG, you can visit Change Canada's site [www.changecanada.ca](http://www.changecanada.ca) and click on “Poverty Relief” to find the policy paper as well as a one-page briefing note. You can also find C-PREG information at

[www.globalrelieffund.ca](http://www.globalrelieffund.ca),  
[www.childrenemergencyfoundation.org](http://www.childrenemergencyfoundation.org),  
[www.canadianschangetheworld.com](http://www.canadianschangetheworld.com),  
[www.inkindcanada.ca](http://www.inkindcanada.ca)

**P**lease consider sharing this information widely - help us provide alternatives to the Prime Minister and his government on how to build a set of tax tools that respond to the financial realities and priorities of Canadians in this century, not the last one. With innovative and ethical tax planning tools Canadians could help this government deliver much more effective, direct poverty relief that will help this country regain its reputation as a leader in humanitarian aid. It seems clear that government cannot and need not “do it all”. Canadians can't afford tax policies that devalue children or perpetuate poverty; the alternative will cost us all far more than just tax dollars!

**Darryl R. Peck, CFRE**