

Imagine Canada Responds to Budget 2010

OTTAWA, Thursday, March 4, 2010 8:00pm EST – Today's federal budget provided greater flexibility for charities as they seek to meet the increasing and changing needs of Canadians in the wake of the recession and in the face of longer-term trends like the aging of Canadian society.

Imagine Canada, a leading voice for Canada's charities and nonprofits, had made three recommendations leading into the budget: the elimination of the Disbursement Quota (DQ) regime governing how charities manage their spending; the adoption of a Stretch Tax Credit that would encourage Canadians to increase their charitable donations; and a strengthened grants and contributions system.

"We are extremely pleased that the federal government has responded positively to our concerns about the disbursement quota," said Marcel Lauzière, President & CEO of Imagine Canada.

"The DQ added layers of red tape and reduced flexibility in responding to the needs of Canadians and communities. Eliminating the charitable expenditure rule and modifying the capital accumulation rule will help charitable organizations, especially smaller and rural ones, to better plan their activities to meet the real needs of their communities. The federal government is to be applauded for responding to the concerns raised by Imagine Canada, the Canadian Bar Association and other stakeholders."

While welcoming the budget's DQ provisions, Lauzière was disappointed that the Stretch Tax Credit for Charitable Giving recommended by Imagine Canada was not included in the budget:

"While we recognize the necessity of achieving fiscal balance, this innovative proposal to expand the base of charitable giving in Canada would have been an extremely cost-effective way to support Canadians' generosity at a time when the need for charitable services is growing and changing. We will continue to push for the adoption of this important measure."

In light of the budget's emphasis on assessing processes surrounding grants and contributions, Imagine Canada is concerned that no mention was made of implementing reforms that have already been recommended.

"The federal government could have seized the opportunity to expedite reforms recommended four years ago by the Blue Ribbon Panel on Grants and Contributions," said Lauzière. *"These reforms would cut down on red tape and make grants and contributions more sustainable and the process more transparent. Services to communities and individual Canadians would be improved at no cost to the federal government."*

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The budget makes it clear that Canada faces several years of deficits and restraint, making it imperative that the federal government look for new, cost-effective solutions to the challenges facing Canadians.

“The Throne Speech recognized the role that charitable groups play in developing innovative solutions to the challenges facing Canadian communities, Imagine Canada looks forward to working with the government and other partners on new mechanisms to encourage social innovation,” concluded Lauzière.

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Imagine Canada is a national charitable organization whose cause is Canada’s charities and nonprofits. It reinforces the sector’s collective voice, acts as a forum and meeting place and creates an environment in which organizations contribute to building stronger communities.

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