



# BUDGET 2009

Short-Term Stimulus Measures  
for assisting Canadians and  
Communities during the  
Economic Downturn

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## Short-Term Stimulus Measures for Assisting Canadians and Communities during the Economic Downturn



The world is in economic turmoil. All sectors in Canada are starting to feel the effects of that dislocation that is both difficult and enduring. Increased difficulty in obtaining credit, precautionary savings by consumers, corporate and consumer delay in spending decisions and a sharp drop in asset values and financial wealth have together contributed to a precipitous drop in aggregate demand. The economy has contracted at an unprecedented rate.

But at the same time as the demand for most goods and services has plummeted, the effect of that contraction on the most vulnerable in our country--such as low-income Canadians, the newly unemployed, new immigrants, those on fixed incomes and seniors--has significantly increased demand for the services of Canada's charities and nonprofit organizations. And these organizations are themselves confronting the effects of the current economy: larger charities and nonprofits are facing investment losses and many more are experiencing reduced donations and uncertain funding commitments from all levels of government as well as from corporations.

Across the country, Canada's charities and nonprofits are being asked to do more with less. Food banks are busier, more children need help to participate in sports and cultural events, and social service organizations are asked to provide more help to keep families together and healthy. Those charities and all of the others which contribute to the quality of life in our cities, towns and villages cannot walk away from the public they are responsible to serve.

Imagine Canada is pleased to offer three recommendations that it believes will most help Canada's charities and nonprofit organizations continue to assist Canadians and in so doing respond to the increase in demand for services brought about by these uncertain economic times.

There is an emerging consensus that stimulative measures directed to community-based initiatives have both a rapid and enduring role to play in restoring economic balance. To that end, Imagine Canada proposes that the Government of Canada:

- 1. Maintain federal funding for community-based organizations through federal grants and contributions agreement,***
- 2. Earmark a substantial sum of federal Infrastructure funding for projects in the advanced planning stages related to Community and Social services, Arts and Culture, Sports and Recreation with a priority to those that can employ emerging green building technologies and retrofit opportunities, and***
- 3. Provide a time-limited enhanced tax credit measure to stimulate giving.***

Imagine Canada also strongly endorses the call from many organizations across the country to build and retrofit social housing in this country. We also support the calls that have been made to enhance our EI system, and provide increases to both the Child Tax Benefit and the Working Income Tax Benefit. These measures will greatly help those hit hardest by the current economy. As governments rise to the challenge of addressing this extremely difficult economic situation, they are faced with trying to gauge the proper measure of fiscal stimulus to apply and the right balance of methods to deliver that stimulus.

Governments in Canada have long recognized that one of the most effective means to ensure Canadians will receive targeted assistance is by delivering programs through the 161,000 charitable and nonprofit organizations across the country. Imagine Canada suggests that in these difficult economic times, provision of stimulus through charitable and nonprofit organizations can take special advantage of their ability to deliver the needed stimulus.

## **RECOMMENDATIONS**

### ***1) Maintain Direct Funding through Federal Grants and Contributions Agreements***

Federal spending through grants and contributions draws on one of the very few pools of discretionary fiscal resources available to the federal government. As such, these resources are often subject to rapid re-direction and cuts. Our sector strenuously asserts that this is not the time for cuts to federal programs and grants and contributions spending or for sudden transfers of these funds to finance other priorities. We are asking the government to hold the line on existing “Gs&Cs” to existing organizations.

We also recognize that, beyond maintaining current levels of funding to charitable and nonprofit organizations to carry out the work that they do in our communities, these organizations can serve as important vehicles for economic stimulus through additional federal grants and contributions or infrastructure funding programs. This sector consists of 161,000 organizations<sup>1</sup>, in every reach of the country, marshalling more than twelve million volunteers<sup>2</sup> and leveraging public funding, charitable donations and earned revenues to assist Canadians in their communities and to contribute abroad.

We note that strong support for our position was expressed by the Canadian Council of Chief Executives, which stated in its Budget 2009 Brief that “*the voluntary sector provides essential services in ways that are flexible, creative and highly efficient. The money that they spend stays in our communities and these services are needed more than ever during a downturn. The federal government should expand its grants and contributions to charities...*”

## **2) Earmark federal Infrastructure funding for Community and Social services, Arts and Culture, Sports and Recreation and Green Retrofit initiatives**

We recommend the earmarking of a substantial proportion of federal infrastructure spending in the areas of community and social services, arts and culture, sports and

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<sup>1</sup> Hall, M, et al. (2005). *Highlights of the National Survey of Nonprofit and Voluntary Organizations*. Ottawa: Statistics Canada.

<sup>2</sup> Hall, M., et al. (2006). *Caring Canadians, Involved Canadians: Highlights from the Canada Survey of Giving, Volunteering and Participating*. Ottawa: Statistics Canada.

recreation with a priority to those that can employ emerging green building technologies and retrofit opportunities.

We believe that parks and playground facilities, community sports and cultural facilities and community services hubs are examples of the types of initiatives that can help keep our communities safe and provide important community infrastructure for families and youth hit hardest by this period of economic difficulty.

### **3) Provide a time-limited Enhancement to Tax Measures that Stimulate Giving**

The charitable tax credit is a known and established tax mechanism under the Income Tax Act. It is typically claimed by about 25% of tax filers every year. This longstanding credit is currently set at a 15% credit for the first \$200 donated and a 29% credit on any portion above that amount. It creates an important incentive for Canadians to help other Canadians through charitable donations. This incentive is useful in every community of the country and is, in part, responsible for the \$8 billion in contributions made to charities each year<sup>3</sup>.

The extraordinary challenges of the economy require a short-term stimulus for giving. In the government's own *Canada Survey of Giving, Volunteering and Participating* (CSGVP)<sup>4</sup>, a full 53% of Canadians report that they would give more to charitable causes if a better tax credit were in place<sup>5</sup>.

If the government is considering using the tax system to help stimulate the economy, then Imagine Canada recommends a three-year enhancement of the charitable tax credit to encourage new donations and increased donations from established givers.

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<sup>3</sup> \$7.9 B in 2005. Lasby, David. (2007). *Trends in Individual Donations: 1984-2005*. Research Bulletin. Toronto: Imagine Canada.

<sup>4</sup> Hall, M., et al. (2006). *Caring Canadians, Involved Canadians: Highlights from the Canada Survey of Giving, Volunteering and Participating*. Ottawa: Statistics Canada.

<sup>5</sup> Hall, M., et al. (2006). *Caring Canadians, Involved Canadians: Highlights from the Canada Survey of Giving, Volunteering and Participating*. Ottawa: Statistics Canada.

We propose that donations in 2008 be used as a base year. Canadians who increase their giving over the 2008 base year would receive a federal tax credit of 50% for the first \$15,000 of increased giving. Above that \$15,000 cap, the regular tax credit of 29% would apply as usual.

Apart from its potential for stimulating significant new levels of giving, this tax policy would signal to Canadians that there is a shared responsibility among Canadians and their governments to assist their neighbors during difficult economic times. This measure has the potential to slow or reverse the worrisome trend of a diminished numbers of givers, which has declined from 30% to 25% of tax filers over the past twenty years<sup>6</sup>.

This measure also can have a highly stimulative capacity. It will help ordinary Canadians continue to give generously in this economic climate. In short, this measure uses tax policy to provide political direction and leadership and assert our values as a nation of caring people. It places primary responsibility for giving in the hands of Canadians, with costs to the treasury capped at a maximum of 21% of any net new giving by Canadians during the economic crisis.

## **NEXT STEPS**

We encourage you to consider these measures for inclusion in the January budget. We believe that our sector can and should be an important part of the solution to ensure that the needs of individual Canadians and communities are met, particularly the most vulnerable among us and particularly during times of economic crisis.

We also strongly believe that we need vehicles to support ongoing dialogue with all levels of government about appropriate public policy measures and their outcomes in our communities. Canada's charities and nonprofits appreciate the spontaneous shows

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<sup>6</sup> Lasby, David. (2007). *Trends in Individual Donations: 1984-2005*. Research Bulletin. Toronto: Imagine Canada.

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of support from our partners in the private sector-- both our Caring Company members and the chief executives of Canada's top enterprises.

An economy is above all a partnership of many participants. A return to a strong vibrant economy will require all sectors play their respective roles with renewed vigour and capacity. Regular discussion will be needed between the charitable and nonprofit sector and our governments. These conversations are needed to assess the efficacy of these temporary stimulative measures and assess their impact in our communities. Inevitable adjustments will be need as the economy improves. We encourage the federal government to consider these budget measures as well as means to support ongoing discussions about appropriate public policy measures for Canadians and their communities. Canada's charities and nonprofits are a part of the solution and their involvement will create a critical ensemble in Canadian society to deal with our common issues.

Following Budget 2009, Imagine Canada looks forward to engaging the Government of Canada on a broad range of issues that are vital to the future of the nation's community nonprofit and charitable sector. Important questions include, adequate funding, long-term tax measures and new and alternative ways and models to generate revenues and facilitate access to capital for the sector in ways that build financial sustainability and resilience for the long-term health and prosperity of our communities.

# Short-Term Stimulus Measures for Assisting Canadians and Communities during the Economic Downturn



**Statement published in Globe & Mail – January 15, 2009**

THE JANUARY 27, 2009 FEDERAL BUDGET AND CANADA'S CHARITIES AND NONPROFITS

## Canada's "Caring Companies" Support Measures put forward by Canadian Charities and Nonprofits to Federal Government

**The Right Honourable Stephen Harper, Prime Minister of Canada**

**Need for federal Economic measures to help Canada's charities and nonprofits meet the needs of our communities during difficult economic times**

We are writing in support of correspondence to your attention dated November 21, 2008 published in select media across Canada. The letter was signed by Don McCreesh, Chair and Marcel Lauzière, CEO of Imagine Canada and endorsed by seventy-five leaders of Canada's charities and nonprofit organizations from across our country.

The letter urged your Government to consider the important role of our federal government in supporting the work of Canada's charities and nonprofits in communities at home and abroad, particularly during periods of economic hardship.

We are writing on behalf of Imagine Canada's Caring Companies. We are a group of companies, large and small, and local, national and international in reach, from banking, to oil and gas, pharmaceuticals, management consulting, exporting and manufacturing and almost every industry sector in Canada, who commit 1% of pre-tax profits to our communities, to support the work of Canada's charities and nonprofit organizations.

As Canada's leading corporate citizens, we join with other Canadians in expressing our concern about the impact that an economic downturn can have on our communities and the ability of individual and corporate donors to give.

We join Canada's charities and nonprofits in urging your Government to work with Imagine Canada to identify optimal measures to strengthen federal grants and contributions programs and to stimulate charitable giving. Charities and nonprofits are an important part of the solution in meeting the needs of Canadians and communities at difficult economic times.



**This letter is supported by the following Imagine Canada Caring Companies**

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For a copy of the November 21, 2008 Open Letter to the Prime Minister referred to above, visit [www.imaginecanada.ca/openletter.pdf](http://www.imaginecanada.ca/openletter.pdf)

### Open Letter to the Prime Minister: Canada's Charities and Nonprofits Propose Measures to Prime Minister to help Canadians and Communities during Economic Downturn

Canada's charities and nonprofits published an Open Letter to Prime Minister Stephen Harper in select newspapers across the country on November 21, 2008 urging the Prime Minister to consider the important role of charities and nonprofits in assisting Canadians and communities, particularly during periods of economic hardship. The letter was endorsed by dozens of CEOs and volunteer Chairs of many of Canada's most well-loved and well-known charities and nonprofits as set out below:

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|--|---|---|
| Aboriginal Council of Winnipeg                       | Croh's and Colitis Foundation of Canada     | Ovarian Cancer Canada                           |
| Alzheimer Society of Canada                          | Eastler Seals Canada                        | Parkinson Society of Canada                     |
| ALS Society of Canada                                | Edmonton Chamber of Voluntary Organizations | Philanthropic Foundations Canada                |
| Arthritis Society                                    | Fédération des centres d'action             | Pillar Nonprofit Network (London)               |
| Association of Fundraising Professionals             | benévole du Québec                          | Social Planning Council of Winnipeg             |
| Big Brothers Big Sisters of Canada                   | Federation of Community Organizations       | Spruce Bifida and Hydrocephalus                 |
| Calgary Chamber of Voluntary Organizations           | of the Halifax Regional Municipality        | Association of Canada                           |
| Canadian AIDS Society                                | Foundation Fighting Blindness (Canada)      | Sport Matters Group                             |
| Canadian Association of Gift Planners                | Gordon Foundation                           | St. Joseph's Healthcare Foundation Hamilton     |
| Canadian Breast Cancer Foundation                    | Habitat for Humanity Canada                 | The Salvation Army Canada and Bermuda Territory |
| Canadian Cancer Society                              | Hearing Foundation of Canada                | United Way/Centraide Calgary and Area           |
| Canadian Conference of the Arts                      | Heart and Stroke Foundation of Canada       | United Way/Centraide Lower Mainland             |
| Canadian Cystic Fibrosis Foundation                  | Health Charities Coalition of Canada        | United Way/Centraide Ottawa                     |
| Canadian Diabetes Association                        | Hope Air                                    | United Way/Centraide Winnipeg                   |
| Canadian Environment Network                         | Huntington Society of Canada                | University of Western Ontario                   |
| Canadian Federation of Voluntary Sector Networks     | Kidney Foundation of Canada                 | Vancouver Foundation                            |
| Canadian Foundation for AIDS Research                | Kids Help Phone                             | Voluntary Organizations Consortium              |
| Canadian Hospice Palliative Care Association         | Maytree Foundation                          | of British Columbia                             |
| Canadian Lung Association                            | Multiple Sclerosis Society of Canada        | Volunteer Alberta                               |
| Canadian Liver Foundation                            | Muscular Dystrophy Canada                   | Volunteer Calgary                               |
| Canadian Orthopaedic Foundation                      | Mutart Foundation                           | Volunteer Canada                                |
| Canadian Women's Foundation                          | Ontario Nonprofit Network                   | Volunteer British Columbia                      |
| Centraide Québec                                     | Opera.ca                                    | WaterCan/Éau Vive                               |
| Children's Miracle Network                           | OntarioParos Canada                         | YMCA Canada                                     |
| Community Foundations of Canada                      | Ottawa Chamber of Voluntary Organizations   | YWCA Canada                                     |
| Community Services Council Newfoundland and Labrador | Ottawa Community Foundation                 |   |

This ad was made possible in part by the generous support of Imagine Canada's Caring Companies. To view the November 21, 2008 Open Letter to the Prime Minister visit [www.imaginecanada.ca/openletter.pdf](http://www.imaginecanada.ca/openletter.pdf)



LOOKING INTO AND OUT FOR CANADA'S CHARITIES AND NONPROFITS

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Imagine Canada is a national charitable organization that looks into and out for Canada's charities and nonprofit organizations. We deliver research that puts the sector on the map and speak its needs in the minds of Canadians. We influence public policy and build support, encourage collaboration and engagement from business, government and individuals. And we deliver tools, resources and networking opportunities directly to nonprofits and charities to build and strengthen the sector one organization at a time. Together, they contribute to social progress and shared communities.

[http://www.imaginecanada.ca/files/en/publicaffairs/caring\\_company\\_globe\\_ad\\_20090115.pdf](http://www.imaginecanada.ca/files/en/publicaffairs/caring_company_globe_ad_20090115.pdf)