



**IMAGINE CANADA'S PRESENTATION
TO THE HOUSE OF COMMONS
STANDING COMMITTEE ON FINANCE**

October 8, 2009

Mr. Marcel Lauzière (President and Chief Executive Officer, Imagine Canada):

Good morning, Mr. Chairman.

Imagine Canada is a national umbrella organization that speaks in concert with more than 1,300 charities and non-profits working in every community across the country and around the globe.

Our members provide social and community services through organizations such as local boys and girls clubs, United Ways, YMCAs, and YWCAs, as well as health charities such as the Heart and Stroke Foundation and the Kidney Foundation. They also greatly contribute to our quality of life through sports and recreation and arts and culture, as well as through educational, environmental, philanthropic, and religious pursuits.

What is less well known, however, is that charities and non-profits contribute significantly to Canada's economy: more than one million jobs, more than twelve million volunteers in rural and northern and urban communities, and a 6.8% contribution to Canada's GDP.

In our written presentation and our testimony today, we suggest three ways in which parliamentarians can help charitable and non-profit organizations to help Canadians and other people around the world.

Our first recommendation is an enhanced charitable tax credit that would provide an incentive for Canadians to increase their charitable donations over previous years. It would provide what we call a stretch tax credit of 39% on new donations, 10 percentage points higher than the current level of tax credit on donations above \$200, up to a maximum of \$10,000.

The measure would be based on an individual taxpayer's best previous year of giving, using 2008 as the baseline. To continue benefiting from the credit in subsequent years, taxpayers would need to continue to increase their levels of giving, thereby encouraging more Canadians to give and to give more. The stretch tax credit is particularly appealing in that it would benefit charities of every size and in every region, urban and rural. It would provide an incentive particularly for working families and middle-class Canadians to give more than they have in the past and encourage those Canadians who have not given in the past to begin to donate. This would help broaden the base of donors in Canada, and it would help those Canadians who want to give through their income rather than through assets, and this is the majority of Canadians.

It is worth noting that the 2007 survey on giving, volunteering, and participating found that more than half of all donors indicated they would increase their charitable giving if there were more incentives to do so.

Our second recommendation is the elimination of the disbursement quota regime governing charitable organizations. It entails no costs, but would have significant benefit for charities across the country. The disbursement quota regime is the minimum amount of income and accumulated capital that a registered charity is required to spend each year. Imagine Canada is proposing the elimination of the current disbursement quota regime, first, because it imposes a complex and costly administrative burden on charities; second, because it's really not equitable or enforceable in its current form; and third, because it is particularly difficult for small and rural charities.

Imagine Canada and its members are prepared to work with government to develop a new regulatory approach that would be both effective in advancing accountability and transparency and also be practical for charities to implement.

Our third recommendation is unfortunately not new, and no cost is attached to it.

In December 2006, a blue-ribbon panel appointed by the Government of Canada made extensive recommendations to improve the administration of grants and contributions programs, including expediting timelines for funding decisions. While some departments are beginning to implement some of those recommendations, progress has to be made much more quickly. Imagine Canada is therefore asking the government once again to accelerate reforms to ensure predictable, sustainable and full cost funding.

This request is not about meeting the needs of organizations themselves but rather about meeting the needs of communities and Canadians they serve, at a time when demand for their services is growing.

Charities and non-profits working in partnership with the federal government cannot afford to submit applications for funding in the spring with little or no sense of when the decisions will be taken, only to be informed the following February or March that their applications are successful and that they now have 30 days to spend and account for the money that was originally intended to support several months of operations.

This is only one of many stories our members can tell about the challenges of applying for and accounting for federal grants and contribution programs.

Billions of dollars are paid every year through this mechanism. The immediate implementation of the blue-ribbon panel's recommendations is, we believe, one way of ensuring that charitable and non-profit organizations have effective access to existing funding to better serve Canadians.

Once again, Mr. Chairman, thank you.

Thanks as well to committee members. I will be pleased to answer their questions.