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## **Standing Committee on Finance**

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**EVIDENCE**

**Tuesday, February 14, 2012**

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**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Tuesday, February 14, 2012

• (1530)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call the 42nd meeting of the Standing Committee on Finance to order. Orders of the day are pursuant to Standing Order 108(2), continuing our study of tax incentives for charitable donations.

We have six organizations with us here today. First of all, we have Big Brothers Big Sisters of Canada, the Canadian Council of Christian Charities, Cardus, the Community Foundations of Canada, the David Suzuki Foundation, and the Evangelical Fellowship of Canada.

I understand some of you are new to a committee format, so in terms of what will happen, each of you will have five minutes for an opening presentation. If you watch me, as the chair, I'll give you a signal to indicate when you have a minute left, and then we'll have questions from members in five-minute rounds.

We'll begin with Mr. MacDonald for your five-minute presentation.

**Mr. Bruce MacDonald (President, Chief Executive Officer, Big Brothers Big Sisters of Canada):** Thank you.

First of all, I'm absolutely delighted to be here representing Big Brothers Big Sisters of Canada.

Before discussing the two specific measures we're supporting, I wanted to provide a highlight reel of information so that it kind of contextualizes our thoughts.

Big Brothers Big Sisters is a federated organization of 123 local agencies providing on-the-ground mentoring services to children and families. We're providing these services in all the provinces and one territory. The organization has gone from serving about 9,500 kids in 1995 to a record high of more than 33,400 in 2010. Of particular note is the fact that this year we're in our 99th year of service, so next year we'll be celebrating 100 years of service to Canadians.

From the highlight reel, in Big Brothers Big Sisters' national budget, almost half of our dollars come from the corporate community and individuals. Our 2012 national budget calls for zero dollars to come from the federal government. So we're really quite an independent bunch. Our centennial plans will be funded primarily from the private sector. In fact we've already signed a couple of corporate deals and multi-year agreements to support our 100th anniversary. Locally our two main sources of revenue are special events—our signature Bowl for Kids Sake event, which I know

many of you have participated in—and support from local United Ways.

We're an organization that believes strongly in safety and accountability. We have a set of national service delivery standards and organizational management standards that we accredit to ensure that our member agencies are operating at the highest quality.

As we continue to work to be a dynamic, relevant organization, we're always looking to ask how we can be better. Having this opening and questioning mindset allows us to make changes. I just want to highlight a couple of those. We continually ask whether we can provide our services in a long-term sustainable manner. Sometimes the answer is that changes in our model are necessary. In fact, several committee members here come from communities where significant change has resulted in stronger, newer services. Mr. Rajotte will have seen the recent merger of Big Brothers Big Sisters and Boys and Girls Clubs in Edmonton. Mr. Brison would have noted the renewal of our Annapolis Valley agency. Mr. Hoback will have seen the changes in Prince Albert, where we've gone from an independent, stand-alone organization to a satellite operation receiving admin support from Saskatoon.

Our centennial provides a wonderful forum for us to talk about where we aspire to go. In order to continue to grow our services, we know we need to do more to effectively engage individual Canadians as mission-based donors. So today we're supporting two ideas: the creation of a stretch tax credit and an elimination of the capital gains tax on donations of real estate and private company shares to non-profits and charities.

As part of our efforts to develop ongoing sources of revenue, Big Brothers Big Sisters has launched an alumni program. Currently there are more than 17,000 individuals who have registered, and it's our goal to convert many of those into individual financial contributors.

Strategically, the stretch tax credit is in direct alignment with our efforts, as many of these individuals are already giving to other organizations, and we intend to have them add Big Brothers Big Sisters to their roster of supported organizations. Having a real tax incentive to make new financial contributions will encourage these individuals of any income level to expand their charitable giving efforts.

Part of our long-term strategy is to work more effectively with individuals of higher net worth. Being able to offer a wider portfolio of benefits to attract the contributions of real estate and private company shares, complete with the suggestions for prevention of valuation abuse, as suggested by Donald Johnson in his submission to this committee in September 2011, would be of great value.

I just want to conclude with some thoughts around the transformative nature of our mentoring programs. As part of our efforts to clearly demonstrate impact, we've been partners in a five-year longitudinal study following 980 children and almost 500 mentor volunteers in our Big Brothers and Big Sisters programs. I'm pleased to be able to share some findings on the baseline, 6-month, 12-month, 18-month, and 24-month surveys.

When compared with young people who have never been matched, youth who have spent at least one year with a mentor are 43% less likely to have conduct problems, 48% less likely to have behavioural problems in school, 34% less likely to be victimized by their peers. It speaks to the bullying issue. They are two times more likely to have high levels of school bonding and commitment, two and a half times more likely to participate in extracurricular activities in school, and two times more likely to have higher academic achievement.

It's great that this committee is talking about ways in which Canadians can support organizations like ours, who are in communities across this country, spending thousands of hours working with Canadian children. Our mentor volunteers are making a transformative difference in their lives. So I thank you for this opportunity to speak to the committee.

• (1535)

**The Chair:** Thank you very much for your presentation.

We'll now hear from the Canadian Council of Christian Charities.

**Mr. Barry Bussey (Vice-President, Legal Affairs, Canadian Council of Christian Charities):** Thank you, Mr. Chair.

The Canadian Council of Christian Charities, which I'll refer to hereafter as CCCC, is a member-based association of more than 3,200 faith-based charities across the country.

We maintain two key functions. First, we provide practical, expert resources for the support and leadership functions of these charities. The second key function is our charity certification program. Since 1983, CCCC has conferred a seal of accountability on charities that have met our standards.

CCCC is pleased with the willingness of this committee to review tax incentives for charitable donations. We have canvassed our members to determine what their concerns and hopes are for this initiative. That's what I'm doing here today. We'll present some of those concerns.

Members of CCCC bring not only an altruistic impetus to do good, but a deep spiritual motivation to be, as it were, our brother's keeper. Our members tell us that the younger generation do not give as their parents once gave. When they do give, it is often with conditions that it be spent on specific programs. We see a movement away from a large donor base giving small amounts to a smaller and aging donor base giving larger amounts.

Churches have expressed a desire to be involved in social enterprise endeavours but are concerned for their charitable status with Canada Revenue Agency, the CRA. Government policy, of course, will need to become more flexible for such creativity to take wing and bring solutions.

When it comes to accountability, our members operate in what I would call a culture of frugality. They know what it is to work within a limited budget. That culture of frugality can provide confidence that incentives to encourage further giving will not be taken for granted. Nevertheless, we recognize the fraudulent soul of man, as it were, and the need for accountability. Audits and other tests of integrity remain a necessity, and the Canadian public has every right to insist on the highest standards.

We bring six recommendations to the standing committee.

First, we recommend that the current tax treatment for donations of publicly listed charities be extended to donations of real estate.

Second, we recommend that the charitable tax credit for individuals increase from 29% to 42% on all charitable donations. We're of the view that this measure would work to increase support from core existing donors. It is a straightforward adjustment that will stimulate and foster a healthy civic core of generosity.

Our third recommendation has to do with publicly listed securities. It is that donations of publicly listed securities eligible for the capital gains exemption should be given a charitable tax credit of 42% on the adjusted cost base and continue with the existing charitable tax credit of 29% on the capital gain.

Our fourth recommendation came up in our request of our membership when informing them that we were going to be here before this committee. Some of them noted that there was a lot of bureaucracy, a lot of red tape, when it came to the churches being involved in overseas work. One of the ideas that has come out of our initial discussions with our membership is to look at the whole issue of the need for agency or joint ministry agreements for any amount that goes overseas. That, they feel, is problematic because it increases bureaucratic red tape and because of the need for greater efficiency. So we're recommending that the committee consider looking at some kind of threshold whereby charities could be involved in overseas work with a limited amount of paperwork. We're suggesting 1% of the annual revenue of the charity.

Our fifth recommendation is to extend the five-year carry-forward rule to seven years or more.

Our final recommendation is that we are supportive of further dialogue between the government and the charitable sector about charity involvement in for-profit social enterprise. We recognize that it is complex, given the sector's diversity and the multiplicity of options, but we would certainly be supportive of the idea of more careful study about what can and cannot be achieved through reviewing this government policy.

• (1540)

Thank you, Mr. Chair.

**The Chair:** Thank you.

We'll now hear from Cardus, please.

**Mr. Michael Van Pelt (President, Cardus):** The great issue of our day is whether we can order our world with flourishing institutions apart from governments and the markets. This is the very key question behind the very taxing issue facing this committee. The future of charitable giving and the vibrancy of the charitable sector will be influenced more by social and cultural conditions than by the limited tools of government. Tax incentives are only one such tool, but they are a powerful tool, and we must use them in the best way we can.

The charitable tax credit is one of the most successful tax credits ever implemented. It is a \$2 billion investment that may be our most effective lever to animate more than 80,000 charities across Canada. It is less than 1% of the whole federal budget, yet it's treated like the oil of Elijah that the ancient texts suggest never runs out.

The numbers speak for themselves. In 2005, government expenditures for the charitable tax credit were \$2.26 billion. In 2011, it was less than \$2.26 billion. Over that same period of time, Canada's population increased by two million, and the incomes of Canadians increased. Additionally, Canada's demographic bubble would suggest that giving would be at a dramatic high. Indeed, in 2008, the government estimated that charitable tax expenditures for 2010 would be slightly less than \$3 billion. Clearly, it expected Canadians to give more. We can all see the arithmetic on the wall. Unless Canadians have greater motivation to give, something in the charitable sector is going to give.

So here's my appeal to you. When you have the oil of Elijah, and it will cost less than \$1 billion to keep it flowing, prudence demands that tax expenditure happen. The way to do this is to raise the charitable tax credit, ideally from 29% to 42%. It's simple. It's bold. It's straightforward. The public understands it.

I had the privilege of sitting on Minister Diane Finley's advisory council for social partnerships. We advise the minister on social enterprise initiatives to leverage the work of government and others. If we discovered a \$3 billion idea that could act as a powerful fuel cell for every charity across the country, we would be leaping for joy right over to Minister Flaherty's office, with every confidence that it would be right up there in the highlights of the upcoming budget.

What I'm really talking about is a strategy to shore up the great work of Canada's civic core—a small but amazing part of our society. What I'm asking you to do is to tell the participants in the civic core that government is behind them and will help them do even more. In the meantime, the deep social and cultural questions that really motivate our care and love for our neighbour must become the next great debate in our country. If it doesn't happen, tax incentives won't help.

There are many great ideas out there to complement Cardus's strategy. There are also some that, unfortunately, do not measure up. I respectfully suggest that the stretch credit is such. As it stands, it is not a policy that is material to the whole charitable sector. It will generate limited dollars. It's too experimental. It is biased toward the spontaneous giver rather than the planned giver. Getting your young, male Bay Street lawyer to donate more in one year than he spends at the pub with his buddies on Friday night is a cultural task, not a tax strategy.

Attracting new donors through tax incentives is a stab-in-the-dark strategy. Everyone who raises money, and that's all of you around the table, knows that the best way to receive a donation is to ask someone who already donates. And except perhaps for Canada's charitable-giving leaders, who live in Abbotsford, B.C., Canadians already have much more room to give.

In contrast to the stretch credit idea, Don Johnson's plan for the removal of capital gains on the gifting of real property is a great idea. It's easy to do. Extending to privately held shares needs a lot more work. Another drawback—the giving of capital already receives more benefit than the giving of income, a disincentive to those who have no appreciated capital to give. Maybe it's time to send an encouraging message to the middle class that their charitable works are worthy of acceptance.

Cardus has done extensive research on the nature of generosity, on the health of the civic core, and on the importance of institutions mediating between government and the market. It is our considered opinion that increasing the charitable tax credit is the best idea of the ideas on the table.

Thank you very much.

● (1545)

**The Chair:** Thank you for your presentation.

We'll now go to Mr. Bird, please.

**Mr. Ian Bird (President, Chief Executive Officer, Community Foundations of Canada):** Thanks, Mr. Chairman. It's good to be back here.

I'm just going to talk briefly about the thought process we've gone through to bring you some ideas.

Each of you will know of your local community foundation, whether you're on Salt Spring Island, in Burlington, Edmonton, or where have you. There are 180 of them.

As we in the community foundations network thought about this, one of the interesting outcomes was the recognition that actually, it's not about us. The conversations you're having, the debate you're having on Mr. Braid's motion, and the background of it is not so much about the institutions, some of whom are here. And you're hearing from others. It's about the public policy goal you're trying to achieve. It's about the Canadians with whom you're trying to connect. And the question has been well framed: how do we stimulate, through tax incentives, activity behaviour by Canadians?

I know some of you from previous work, when I was working in the sports field, when we looked at the children's fitness tax credit, which, similarly, was about stimulating a kind of behaviour. I think that's instructive in your discussions.

It's not about us, per se. It is about the public policy goal and how we might take advice from what we know of our past.

In Mrs. Glover's riding, in Winnipeg, there's a very successful organization that started because a gentleman, about 90 years ago, made a very generous gift of \$100,000. That was a lot of money 90 years ago. William Alloway was the founder of the Winnipeg Foundation. If you read the story of the Winnipeg Foundation, you'll learn about Mr. Alloway.

We know about much of this. In fact, this committee, and previous iterations, and Parliament itself, and in turn the government, have put in place incentives to encourage that kind of gift, built from an asset, built on the back of publicly listed securities. But 90 years ago, this was a very generous gift.

The story that's less well known is the second gift. This was a gift of three \$5 gold coins by a widow. Three \$5 gold coins, \$15, the widow's mite, was a significant gift for her. In Michael's point of view, this was a civic gift. This was not a gift of wealth. This was a civic expression by someone of very limited means who understood that everyone has a place to give.

The unfortunate circumstance is that the founding story of Winnipeg has been one of decline, in a sense, ever since. We have a declining circumstance in Canada. There is declining optimism in our communities among charities and non-profits about their ability to deliver. Services are declining. Participation.... After a few days of doing this, you now know the numbers. I don't think I need to repeat them. You know that there is declining capacity to fulfill the obligations citizens have for one another.

That decline is happening at the same time as you're faced with the pressures of balancing budgets, and the importance of it not only for the federal government but for provincial governments and municipal governments. In a time of decline, what kind of response will Canada have? That's the place we've landed.

Then we stood back and we said, "In that circumstance, what does it call upon Canada to bring forward? How shall we collectively respond?"

Given the many fair proposals on the table for the further distribution of assets from private shares or for increasing the charitable credit or the stretch tax credit, and there are others that are all fair and valuable contributions to the debate, we asked what we should do now. Our answer to that, in fact, is the stretch credit. The reason is that there are 24 million tax filers. There are 24 million Canadians, and there are some five million, or thereabouts, who are currently participating in the benefits that come from the charitable credit. We need to close that gap. Any kind of economic action plan that ought to be taken up should invite constituents right across the country, in each community, to participate and make a contribution.

• (1550)

In fact, this has been recognized by the opposition benches in their support for the finance committee submissions.

Given that the committee will take its leave soon to study other matters, I would encourage the government side of the committee, in their conversations with the Minister of Finance, to recommend the adoption of the stretch in this year's budget. It's the right time for this measure to be put forward.

Thank you.

**The Chair:** Thank you for your presentation.

We'll hear from Mr. Robinson now, please.

**Mr. Peter Robinson (Chief Executive Officer, David Suzuki Foundation):** Thank you, Mr. Chair, for inviting me to present to this committee.

If I may, I will start by saying that my wife, who is at home alone in Vancouver, asked me to wish all of the members a Happy Valentine's Day.

**Voices:** Oh, oh!

**Mr. Peter Robinson:** My name is Peter Robinson. I have been the CEO of the David Suzuki Foundation for the past four years. DSF is a charitable environmental organization whose purpose is to undertake scientific research and communications.

I'd like to preface my comments today by noting that at the moment there is almost as much discussion about charitable organizations occurring at two other federal panels as there is here, and that would be at the House Standing Committee on Natural Resources and the joint review panel on the proposal to build the Northern Gateway pipeline.

I say this because I believe it shows that there is a role the government can play to do a better job of educating Canadians about what are the eligible activities that charities can engage in and to more clearly recognize that charities play an integral role in democratic discussion in this country through the provision of accurate and timely information.

Our written brief fully supports the encouragement of charitable giving in this country by increasing the federal charitable tax credit and extending capital gains exemptions to private company shares and real estate, so I'm going to focus instead on some comments that I've already read in the transcripts on transparency in reporting international funding and on the issue of advocacy.

I'll begin with the issue of transparency in reporting, because I believe the public should be able to know more about the organizations they are intending to support, and this would include more information on gifts from foundations, both domestic and foreign. Much of this information is already posted on CRA filings, which points out, perhaps, that the problem is not with the information but perhaps with how it is accessed and interpreted. Frankly, there should be even greater concerns about the lack of transparency regarding private sector funding of corporate lobbying, which is completely invisible to the Canadian public now.

Switching to the topic of international funding, there has been considerable discussion lately about U.S. foundations funding Canadian charities. Much of it has been negative. Some of these recent discussions have been about Canadian environmental organizations. But the bulk of giving from U.S. foundations—75%—is for education, health care, and social services, funding that is an important contribution to Canadian democratic society.

DSF itself receives, on average, 93% of our revenue from Canadians, 6% from the U.S., and 1% from other countries. For the last three years, this international funding has been almost exclusively for projects related to scientific research on harvesting seafood and strengthening marine planning systems on the west coast. This work demonstrates how environmental issues really know no boundaries.

So if the committee is concerned about encouraging charitable giving, then enabling contributions from outside of Canada is actually quite critical. Restricting international donations could lead to a reduction in the amounts available to Canadian charities, and this might undo many of the enhancements proposed through tax credits and capital gains exemptions.

That leads to my final point about the role of charities and advocacy. I noted earlier our scientific research on seafood issues. This type of work often leads to actions directed at strengthening government policy to protect the environment.

CRA policies acknowledge that charities “are well placed to study, assess, and comment on...government policies” and that “charities may...advance their...purposes by taking part in political activities”. Such activities must, of course, be non-partisan, and “substantially all”—90% of the resources of an organization—must be devoted to the charitable actions.

When DSF calculates these political activities, which it has to do on an annual basis, we include the number of hours that staff spend on these actions as well as all other direct costs. They have always been less than 10% of our total operating costs.

I'd like to conclude my comments today by asking that the committee keep in mind that governments need information from charitable organizations in order to formulate policies that accurately reflect the diverse needs and opinions of our citizens. I'm very pleased, Mr. Chair, that this committee is seeking ways to strengthen civic engagement through charitable donations.

I look forward to your questions later.

• (1555)

**The Chair:** Thank you for your presentation.

We'll now hear from the Evangelical Fellowship of Canada, please.

**Mr. Don Hutchinson (Vice-President and General Legal Counsel, Centre for Faith and Public Life, Evangelical Fellowship of Canada):** Thank you, Mr. Chair and members.

You should have before you a copy of the Evangelical Fellowship of Canada's 10-page submission, entitled “Families, Compassion & Charities: Key Components to Maintaining a Strong Canada”, arising from our pre-budget submission.

The EFC is Canada's national association of evangelicals, with our 39 denominational affiliates representing half of Canada's four million Evangelical Christians. We are convinced, from a review of the giving and volunteering patterns of Canadians, that the number one way to sustain and increase charitable giving is to put more money in the hands of Canadian families.

Families are facing mounting pressures in the midst of a challenging economy. Many have experienced increasing expenses while wages have been frozen or salary increases have failed to keep up with inflation. As a result, several of the steps taken by the Government of Canada to support Canadian families are or will be out of reach for many, particularly single-income families. Current tax laws require single-income families to pay up to 37% more in taxes than dual-income families.

The government has promised to implement the family tax cut when the budget is balanced in four or five years' time. Canadians need the tax relief today.

The families that will most benefit from such relief are also statistically the families that give the greatest percentage of their income to Canadian charities. We encourage the government to implement the family tax cut immediately and to focus on expanding the initiative to a full family household income-splitting initiative.

The compassionate generosity of Canadians, individuals, charities, and government is highly regarded worldwide. The evangelical Christian community is actively engaged with the lives of people struggling with poverty and homelessness, both in Canada and internationally. The relationship-building and service that are undertaken are consistently offered on a non-discriminatory basis to those in need. Many efforts are entirely self-funded. Others take place in cooperation with the compassionate expression of Canadians through government funding and available tax incentives.

The Canadian Christian community has long been a leader in caring for the less fortunate in Canada, from church groups inspired to serve sandwiches on the street corner to those providing refuge in extreme cold, or the operation of multi-million dollar addictions rehab centres, hostels, and food service programs. Love is shared in practical expression that meets human need.

We encourage the Government of Canada to continue to partner with these effective organizations, thus enhancing and encouraging the generosity of Canadians and maximizing the impact of government expenditures.

We also affirm the recommendations made in the 2011 all-party report of the human resources and skills development committee to establish a national poverty reduction strategy and to develop, in partnership with the provinces and territories, a national housing strategy.

Canadians are also recognized as being among world leaders in the international development and emergency aid community. The Government of Canada is encouraged to continue to work cooperatively with organizations that have positive impacts on the ground in foreign nations by continuing to provide incentives for Canadians to give, strategically matching donor dollars where appropriate, and reflecting Canadians' generosity in the financial expression of our federal government.

With all levels of government—school boards and municipal, provincial, and federal governments—talking austerity and restraint, it is increasingly important that the charitable sector be supported as we are called upon to rise to meet the growing needs for our services. Statistics Canada has identified six top reasons Canadians offer for making a donation: compassion toward those in need; personal belief in the cause; contribution to the community; being personally affected by the cause; religious beliefs; and the income tax credit.

Just over half say they would increase their charitable giving if they were given a better tax credit. Those who attend religious services weekly—or more—give three and a half times more to charity. Evangelical weekly attenders give 72% more to charity than weekly attenders of all faith groups. Evangelical groups are also giving 27% more to non-religious causes than non-Christians.

The positive charitable giving patterns associated with high levels of religious participation carry over into volunteering as well. Advancement of religion has long been recognized as a charitable purpose that means more than attendance at weekly church meetings.

Evangelical Christians understand reasonable worship to include both the church service and community service. For us, advancement of religion includes the ability to engage in the public square through the provision of benevolent services to others and the presentation, based on biblical principles, of positions on public policy matters and other issues of concern, advancing the good of neighbourhoods, the nation, and those in need around the world.

• (1600)

The EFC encourages the Government of Canada to give serious consideration to the tax credit proposals made by Cardus, Imagine Canada, and others to enhance Canadians' incentives to continue in their generosity toward others.

Thank you.

**The Chair:** Thank you very much for your presentation.

We'll begin members' questions.

Mr. Julian, please.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** I'd like to thank all members of our panel for coming forward today. We are familiar with the work of your organizations. You do wonderful work in the community.

I'd particularly like to underscore Big Brothers Big Sisters, the David Suzuki Foundation, and the Evangelical Fellowship, because I'm most familiar with your work.

Big Brothers Big Sisters makes a big difference in Burnaby—New Westminster. It's active in many schools and is helping a variety of children and youth.

The David Suzuki Foundation, with your environmental and health-related work, makes a big difference in British Columbia.

For the Evangelical Fellowship, I'm familiar with your work in StreetLevel and in highlighting the growing concern around growing poverty and homelessness in this country.

We'd really like to compliment you for coming forward today and for the work you do every day.

I'd like to start by asking about the stretch tax credit, because that's something we've been discussing as a committee. There have been some evaluations of what that might mean, both in terms of government support, but also ultimately in terms of stimulating the charitable sector.

I'd like to hear from each one of you if your organization has done some sort of evaluation or projection of what a stretch tax credit would mean to increasing donations—both the number of donors and the overall resources that are available to your organizations.

**The Chair:** Who would like to start this?

Mr. Robinson.

**Mr. Peter Robinson:** Only because no one else has put up their hand....

We did do some evaluation of the three primary proposals that have been put forward. We looked at the stretch tax credit. We felt it had its biggest impact on new donors and donors of modest incomes, but as you heard here earlier, most of the donations tend to come from those who are already giving. So when we looked at that further, we felt that of the three that are on the table, including the capital gains exemption for private shares and for real estate, the one that actually would have the biggest benefit for an organization like ours was actually on the real estate.

**The Chair:** Mr. Bussey.

**Mr. Barry Bussey:** As far as the Canadian Council of Christian Charities is concerned, we considered it as well, and we have some concerns. Most of those who give to the church community tend to be those who give on the basis of principle, you know, religious conviction and so forth. We are uncertain as to how exactly the stretch tax would help us in that regard. When we looked at it, we were of the view that it was going to be complicated, so as an organization, we proposed the increase of the tax credit as a whole, rather than the tax credit process.

**The Chair:** Mr. MacDonald.

**Mr. Bruce MacDonald:** As an organization that has all these branches across the country, our feeling, as we've looked at this, is that because our core competency in terms of driving revenue really has come from the corporate community over the years, a real new area of growth for us is in mission-based individual givers. On the idea of attracting new donors from existing donors—and we realize that many of these people are already giving to other charities—having an additional incentive to make a larger gift or a new gift was for us one of the reasons why we felt the stretch tax credit was appealing.

• (1605)

**The Chair:** Mr. Van Pelt.

**Mr. Michael Van Pelt:** I think there may be two things to assist you in this kind of consideration.

Number one is the investigation of existing research to actually illustrate that a tax strategy is the best tool to attract new donors into the charitable world. At Cardus, we don't know of any solid or substantive research that actually makes that argument, that proves it.

We know by experience that the charitable tax credit itself prompts donations. That's not in question. So I think the first piece would be to look for research, if it's out there. We have not been able to find the research that proves the ability of a tax measure to attract new donors. It's our sense that this is a cultural issue. To attract new donors is more of a cultural issue than it is a tax strategy.

The second is a question about whether it's material to the whole charitable sector. On the stretch credit, the challenge with it—and remember, if you just increase the charitable tax credit itself, you accomplish the interest of the stretch credit as well—my sense is that the dollar amount the stretch credit will raise is not going to be significant to the challenge that the charitable sector is actually dealing with.

In a way, by acknowledging the stretch credit, we're saying “here's the solution”, but it's a solution to a very small part of the problem. We already know that tax measures are only one small piece of the solution. Why would we employ a tax measure like the stretch credit that just simply is not material enough to capture the enormity of the challenge we're dealing with?

**The Chair:** I have two more who have comments, but we are actually well over Mr. Julian's time. We will come back to this. I know that it will be a common theme throughout this study.

I am going to go to Ms. McLeod now.

**Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC):** Thank you, Mr. Chair.

I, too, would like to thank everyone for all the great work that all of your organizations do. Specifically in our community of Kamloops—Thompson—Cariboo, some great work is happening.

I think we've had four suggestions now. We've had the stretch tax credit. We've had raising from 27% to 42%.... We've had the real estate and private shares. Those are really the substantial suggestions that have come forward in terms of the opportunities.

What I would like to focus my first question on, though, is the real estate. Perhaps I'll address this to Mr. Robinson.

Certainly when we heard from Karen Cooper at the Canadian Land Trust Alliance, she talked about how the extension of the capital gains exemption to gifts of real estate will undermine the existing ecogift program, which was of course first established to combat habitat loss and to conserve important wildlife habitat and ecologically sensitive lands. From her perspective, I guess, she was really thinking that some of the others would be preferable, because she was quite concerned about the impact in terms of her organization.

I note that you actually were speaking in favour of that. Would you please give us your perspective on that particular issue?

**Mr. Peter Robinson:** Yes, certainly. Thank you.

I should also say that we're in favour of all of the initiatives that would actually stimulate donations, but when I say that real estate would have a more positive impact, I look at some of the patterns and the history we've had, and I see that a lot of our donors might have second properties—cabins, recreational property—so removing

the exemption there is consistent with what they've already told us in terms of their legacies and what they want to give.

I think the earlier material you heard is actually quite important, because we're thinking essentially of residential properties. There would need to be some caveats and some restrictions around making sure that what we wouldn't lose are of course valuable ecological pieces of property, which would then be developed. You would have to build in there some restrictions on that.

**Mrs. Cathy McLeod:** Okay.

My next question is perhaps for Mr. Bussey.

I know we're talking about tax incentives, but there are two things you talked about that piqued my interest. One was your charity certification program with independent standards. Could you talk a bit about that and how it compares to Revenue Canada and accreditation, and how much further it goes? Please share with us a little bit about that piece.

**Mr. Barry Bussey:** Sure. I'd be happy to.

Since 1983 we have established a seal of accountability process. We have 3,200 members, but not every one of those members has reached the point of being able to advertise the seal of accountability, the CCCC seal of accountability. We have some 180 charities right now that have achieved this.

They are required to do a number of things. They're to have an independent, active governing board. They must have an independent financial audit, and the CCCC will also audit their charity to make sure they're fulfilling the obligations and the standards of the CCCC. They need to be committed to public financial disclosure. They need to undertake regular evaluation of programs for their effectiveness and their efficiency, and they need to have these policies and processes in place.

We also have a code of accountability dealing with ethical fundraising and financial accountability that we require our members with this seal to follow. We also have policies dealing with integrity.

We have this as an ongoing process. We actually audit these members. When they have this seal of accountability, we're standing behind them.

• (1610)

**Mrs. Cathy McLeod:** You also briefly mentioned CRA flexibility. Was that only in relation to your comments later about how you were able to expand and move into foreign countries?

Maybe we'll have to leave it for another time, but could you think about that?

**Mr. Barry Bussey:** Okay.

**Mrs. Cathy McLeod:** Perhaps I'll have another round.

**The Chair:** Thank you very much, Ms. McLeod.

We'll go to Mr. Brison, please.

**Hon. Scott Brison (Kings—Hants, Lib.):** Thank you, Mr. Chair.

Thank you to each of you for appearing before us today.

I've been an MP for almost 15 years. Over the last year or so, I've been hearing more from people in the non-profit sector about CRA—Revenue Canada—audits and an increased level of audit activity from Revenue Canada, particularly around the area of advocacy.

I'd be very interested in hearing if you, as individual organizations, have experienced or seen that kind of change in recent years.

**The Chair:** Go ahead.

**Mr. Don Hutchinson:** Thank you, Mr. Chair.

In the evangelical community, it's a very interesting thing, because for us, our expression of faith is not something that is kept private. It's something that extends into the public square and includes presentations on public policy initiatives.

Yes, there are questions from the CRA in that regard. We can't verify whether the increase in audit activity is because of complaints or whether it is because of an audit cycle and random selection. We do know that we're making more of an effort to inform members of the evangelical community as to the guidelines in CPS-022 that talk about political activities.

We have tried to simplify it, because when you think about the average charity, it doesn't function with a lawyer and an accountant; it functions with people from the community. Oftentimes in an evangelical church, the most educated person is the person who is standing in the pulpit, and his or her training has not been in law and finance. We try to simplify and communicate the information, but it does seem like there are more questions about advocacy-related issues.

For us, and within our community, we try to encourage the engagement to be based on biblical principles, so that we are actually advancing our religious beliefs in our participation in the community, rather than simply advocating for something that is the most popular item of the day in the political world.

**Hon. Scott Brison:** Thank you.

**The Chair:** Mr. Robinson.

**Mr. Peter Robinson:** I have been with the organization for four years, as I mentioned earlier. In the time I have been there, there has been no correspondence between DSF and the CRA. It's a good relationship. I can say there were letters that came to the organization before my time. The CRA tries to make sure that you don't tiptoe over the lines, so we put in place mechanisms to make sure we would not receive one of those letters again.

The only downside—I think this goes to your question—is that it means we spend quite a bit of time, when we come to putting forward public policy statements or opinions, just making sure we've taken into account the implications of that with respect to charity rules. It's not a bad thing, but it does mean that we put in additional effort to do that.

• (1615)

**The Chair:** You have one minute, Mr. Brison.

**Hon. Scott Brison:** There's a real challenge in trying to delineate between political advocacy and expressing public policy views that reflect your expertise or the views of your members. I see that 10%

figure as being a difficult one to quantify. That's something I think we ought to consider as a committee.

I have a quick final question. It's on the area of impact investing and social finance. I have the report here from the Canadian Task Force on Social Finance, with people ranging from Stanley Hartt, who is the former deputy finance minister and chief of staff to Brian Mulroney, to Paul Martin, of course, who was the Prime Minister and Minister of Finance.

Do you believe we should, as a committee and as part of this study, spend some time studying the potential public policies to mobilize impact investing?

**The Chair:** Let's have one person respond to this.

Mr. Bird, please.

**Mr. Ian Bird:** That's a great question.

One of the things that I think has emerged in recent years, and is reflected in the task force report and its one-year update—and we see this at foundations because foundations are key impact investors and responsible investors—are those intelligent gifts that were made, in part incented by the public policy regime around tax, that have created endowments. They've created pools of capital that enable the kinds of investments you are talking about.

This is one of the key sources of community capital through which communities can be strengthened. If you could follow the chain between the tax incentive opportunities you are going to recommend and what that means for impact investing, you'd be doing a good service for the country.

**The Chair:** Thank you.

We'll go to Mr. Hoback, please.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair.

I'd also like to thank the witnesses for being here today.

Mr. Robinson, you talked about being here on Valentine's Day. Just take comfort in knowing it's my 25th anniversary, so you and I can enjoy being in the doghouse together today.

There are lots of areas to go into in this discussion, but I think I'm going to go after an area that's a little bit closer to me. It's about accountability. It's to do with the fundraising techniques that some of the organizations use. I'm looking for some ideas on what to do.

I'll give you some context as to where I'm going. I had an uncle who was about 85, who passed away here in December. I'm the executor of the estate, so I'm going through items that are coming in his mail. What is really upsetting is the letters he was getting from groups claiming to be evangelical groups or Christian groups, and the amount of mail they were sending him to get more donations. I guess the frustrating thing is that when you look at those groups, they are groups I've never heard of, but they're running under a Christian banner or an evangelical banner. I know there are lots of good Christian and evangelical groups, so I'm not criticizing those.

I'm wondering whether you have a system for evaluating these groups so you can say to people that these are true groups whose work your association certifies as being reputable and who are reputable in how they use the money on the ground. Have you looked at doing anything like that?

Maybe I'll start off with you, Mr. Hutchinson, and move forward.

**Mr. Don Hutchinson:** Thank you.

Mr. Chair, the Evangelical Fellowship of Canada lists all of its affiliates on our website, whether they are our denominational affiliates, ministry organizations, Bible colleges, post-secondary education institutions, liberal arts institutions, or the individual congregational affiliates, so people can check there.

In addition to that, we do work cooperatively. We're a member of the Canadian Council of Christian Charities. They are an affiliate of the EFC, and they also have a members list that is available to the general public.

**Mr. Randy Hoback:** What do you do to promote that list? I know the Internet is great for me and my generation, but for the senior generation.... My dad's 82. He's on the Internet probably more than I am, but there is a group that doesn't have access to the Internet or that information. Do you publicly go out and say, here's a list of good groups? And do you actually publish groups that you say do not make the grade?

**Mr. Don Hutchinson:** It's really not our position to indicate who doesn't make the grade once they have been approved through the CRA process. CRA makes those decisions on charities.

What we do have available is a 1-800 number if somebody wants to call us and ask about a charity. Publishing the list of the 39 denominations, the 80 organizations, the 34 schools, the nearly 1,000 congregations—we'd be publishing a book to distribute to people. They are welcome to call our 1-800 number and we will check for them.

•(1620)

**Mr. Randy Hoback:** So you have set up a process so that if I have a question I can call your organization and at least have that group checked out to say whether or not they're part of your approved list.

**Mr. Don Hutchinson:** You would be surprised at the people who manage to get through to me on my phone line and ask some very interesting questions. So I think a donor who wanted to ask.... I know the CCCC also has a 1-800 number.

**Mr. Randy Hoback:** Mr. Bussey, would you like to add anything?

**Mr. Barry Bussey:** I'd just like to add that, as I mentioned, we do have the seal of accountability. We're actually in the process right now of developing a separate website that's even going to advertise in a much more stark way those who have reached the seal of accountability. We also do advertising in newspapers and so forth where we list all of our members who have reached the seal.

Certainly I think your point is well taken that for the seniors who are not into the Internet age, we need to be more mindful of that, and I appreciate that.

**Mr. Randy Hoback:** Mr. Robinson, do you see a similar issue with groups claiming to be environmental groups? Do you evaluate or do you belong to an association that would evaluate those groups to say they actually put the dollars where they claim to be putting them?

**Mr. Peter Robinson:** As I mentioned at the beginning, I do believe that all organizations should be accountable and should have information that's easily accessed by potential donors.

It's not quite the same as the other fellowships. The environmental community is so different. You can have a little tiny group that does bog restoration in Prince Rupert and then the larger groups. I think it's more a matter that the closer a group is to the community in which it is located, the more reasonable it is that people will know who they are and whether they would want to give to them. When you get to the larger groups, all of the larger groups are, I think, pretty good at being transparent about reporting information, and we hope to be increasingly so.

**The Chair:** Thank you, Mr. Hoback.

[*Translation*]

Mr. Mai, you have the floor.

**Mr. Hoang Mai (Brossard—La Prairie, NDP):** Thank you, Mr. Chair.

Once again, my thanks to all the witnesses for joining us today.

[*English*]

I see that everyone.... I'll speak in English, then.

My question, first of all, is for Mr. Robinson. You mentioned the fact that there are possibilities of getting funds from overseas. Can you explain the processes? How do you make applications for grants from U.S. foundation organizations?

**Mr. Peter Robinson:** That's a good question. I think sometimes it's been portrayed that the money comes with strings attached.

The way you apply for grants from any international philanthropic organization's foundation is that you actually have to make an application. They're quite detailed packages. You say, "Here is the project we'd like to do and the outcomes we'd like to achieve, and here's how we would spend the money."

Clearly you look at organizations that have a track record of giving funds in that area, so if we had a marine project we wouldn't send it to a group that doesn't do marine work.

Then it's evaluated, and not all projects are approved. If they are, they have very tight strings attached, but not the strings that say this is what you must do. It's, "Here is the reporting we'd like. Here's when we'd like it. We will make sure you don't spend the money on something you didn't apply for."

It is a very competitive process. You have to be really clear about what you want to achieve and be prepared not to get that grant in the first place.

**Mr. Hoang Mai:** Thank you very much.

I have a question for Mr. Hutchinson.

We're finding organizations, especially in my riding, Brossard—La Prairie, that are helping families who actually have jobs. They're now coming to food banks and things like that.

You mentioned that there needs to be work from the government regarding fighting poverty. In terms of how things have gone lately with regard to increased demand from the services you have, what should the government do?

**Mr. Don Hutchinson:** Well, as we've suggested, one area where the government could move very quickly would be to bring equity into the tax system for households so that single-income households would not be penalized as they are now.

We were quite encouraged when we saw the HUMA report, and we were discouraged when it was very quickly discounted by the government. We would like to see that report given additional study to consider the issues.

In the economic climate in which we currently exist, Canadian families are both in danger and actually slipping into the poverty area, as you've mentioned. Food banks are having more visitors. People who are employed are attending missions to have meals, and some missions actually now have one dinner a week, or two dinners a week, that they're promoting as helping families stretch their budgets.

With increased costs in gasoline and hydroelectricity—all of those things that all have tax components to them—the federal government could deal with the tax components that are federal and look at other means of regulation.

The bottom line is that the vast majority of Canadian families are facing zero or below inflation rate increases in their wages, and I think that's impacting the housing market. It's impacting people who are going to food banks, to other meal programs, and creating a danger for our culture.

We also need to be mindful that people who earn \$20,000 or less are actually people who give more of their income to charities—3.6%. As your income goes up, you may actually give more dollars, but the percentage of income you give to charity goes down.

StatsCan, in their 2007 report, define Canada's top donors as the 25% in the country.... They had to work their numbers all the way down to top donors starting at \$364.

That tells me that we have a problem with income and over taxation that needs to be dealt with.

• (1625)

**The Chair:** Thank you.

*Merci, Monsieur Mai.*

We'll go to Mr. Adler, please.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Chair.

I want to commend and thank all of you for all of the great work you do in this field.

I just want to pick up on something that Mr. Van Pelt said about it tending to be the same people giving over and over again. We see that in our work too. How do we create a culture of giving in this

country? Is it through increased incentives or is it through education? Could you just talk a bit about how we create that culture, in your estimation?

**Mr. Michael Van Pelt:** Thank you.

It's an extremely difficult question, and that's why, in our proposal, Cardus argues for change in the charitable tax credit. But along with that is a whole new debate about what it is to give and care for your neighbour, because the tax credit is really an interim measure to solve a problem that right now we seem to not know how to solve. So there are all kinds of connections, and Don made some of them. What's the relationship between charitable giving and the state of religion in the country? What's the relationship between mobility and charitable giving? There are so many questions in those areas that we have not tackled. We have not said this is a great Canadian debate.

If there is anything I would respectfully challenge you and your position of leadership in this country on, it would be to use your position of having a voice to make this a much bigger issue. At some point, we will make the connection between the state of charitable giving in this country and the strength of our economy. We're not there yet. We're not making those links, but at some point we will make those links, and all of a sudden this will become an issue we want to talk about.

Why don't we kick that into gear before the numbers start making those links all on their own? When you look at the demographics, all of a sudden the state of the family becomes an economic issue. We need more children to be able to create economic productivity and growth, and so on. The same thing is going to happen in the charitable sector. At some point, it's going to be an economic conversation. It's not going to be a conversation about how good you feel about your neighbour. We need to hit the conversation, and you, I respectively suggest, can take the leadership, because you have a platform that nobody else has to do that.

• (1630)

**The Chair:** Mr. Adler, there are two more who want to comment. It's up to you. You have Mr. Hutchinson and Mr. MacDonald.

**Mr. Mark Adler:** I'll come back to them. I just want to follow up on this.

Demographics are clearly working against us on all of this. Is that correct? With our aging population, we're going to have fewer young people working, and where is that charitable giving going to come from?

**Mr. Michael Van Pelt:** This is fascinating. If you look at the tax expenditure lines from 2005 to 2011 as they're published by your government, and then jump onto David Foot's website and take a look, you'll see that David has a demographic bubble transition—this year, this year, this year, and this year. Right now we actually should have a dramatic interest in charitable giving, because we're going through a baby boomer period: their kids are finished university; they have disposable income; they still have traditions of giving, and so on. But that will come to an end. So I am quite fearful about this matter. To my knowledge, nobody has done research to overlay the charitable tax expenditures with the demographic bubble shifting giving. That still needs to be done to help answer your question.

Now the window is open. Now we can do it, right?

**Mr. Michael Van Pelt:** That's correct.

**Mr. Mark Adler:** It's just going to be too late.

**The Chair:** You have a minute left.

Mr. Bird, you wanted to comment?

**Mr. Ian Bird:** I just—

**The Chair:** You have two more first. It's up to you, but you had Mr. Hutchinson and Mr. MacDonald.

**Mr. Mark Adler:** Okay.

**The Chair:** There's a minute left. I'm just trying to manage members' time as well as I can.

**Mr. Mark Adler:** Mr. MacDonald, do you want to comment?

**Mr. Bruce MacDonald:** I think it's a great question, and I don't think there's a simple answer. I think that's the challenge: tax incentives alone.... And I agree with Michael's point—there's not a magic bullet here. I think there's a combination. Tax incentives are absolutely part of the pie. I think it's engagement of volunteers. I think it's understanding the changing nature of Canada, not just with respect to an aging population, but with respect to new Canadians and to aboriginal youth and the growing aboriginal populations in this country. How do we engage them in making Canada a better place? Our experience certainly in the Big Brothers Big Sisters world—and I can speak really only to that context—is that the more engaged people are, the more likely they are to be donors. It's an overly simplistic formula, but I think it's a very complicated question.

**Mr. Mark Adler:** If you—

**The Chair:** I'm sorry, Mr. Adler. We're over time.

I'm trying to be fair to all members. I'm sorry, to the two witnesses, but I have to be equal to members. It's only fair.

We'll go to Monsieur Giguère, please.

[*Translation*]

**Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP):** Thank you very much, Mr. Chair. My first question goes to all the witnesses.

In my constituency at the moment there are three food banks. They are essential because we have poor people, elderly people, students and people who, after four years of the economic downturn, are not able to afford proper groceries at the moment. I see a problem. In terms of charitable donations and tax credits, all charitable organizations are treated in the same way.

I would like to know what you think of the idea of a rate that would vary according to the urgency of the situation to which a charitable organization is responding. Think of meals on wheels services, for example. I know CEGEP students who need them in order to be able to pay their tuition fees and their accommodation and living expenses.

That was a general question.

[*English*]

**The Chair:** We'll start with Mr. Hutchinson, and then, Mr. Bird, if you want to comment on this, I'll give you the second chance.

Mr. Hutchinson.

**Mr. Don Hutchinson:** That's an excellent question.

Thank you, Mr. Chair.

The pressure food banks are facing is the increasing number of people and the decrease in donations.

Encouraging corporate sponsors—and more and more corporate sponsors are coming forward and contributing substantial amounts of food—in addition to people who are giving financially, would be tremendous.

I don't know how confusing a variable rate of donation would be, but I think what we've seen in the international sphere, where there have been government matching programs on donations, could work with trying to develop corporate matching programs in communities or government matching programs for emergency needs within the country, not just outside of the country.

It's my thought. It's not something I've studied. It seems you've come up with a terrific concept.

•(1635)

**The Chair:** Okay.

We have Mr. Bird and then Mr. MacDonald.

**Mr. Ian Bird:** It's a good question.

The experience we've had is that isolating particular elements and challenges in a community may mean we overlook the whole experience and the interconnections of community life. I think we're having a good discussion here around the table about this sort of decline in civic involvement, this decline in the civic sensibility, and some of the cultural components to this. What we see at Community Foundations is in fact that some of the activities that we go on, which may look like they don't have an impact on the food security of a particular family, in fact have a very important connection. It could be their involvement in a faith-based institution, it could be their involvement in a community recreation opportunity, or it could be their involvement in another part of the community that builds and bridges their connections at the community level.

In our perspective, a good public policy is one that looks at the whole community and would provide an opportunity that would allow that community to identify its priorities and benefit as a result.

**The Chair:** Mr. MacDonald.

**Mr. Bruce MacDonald:** I think there was an interesting term that you used in terms of urgency. I think one of the challenges I could see in thinking about that question is this: how do you define one being more urgent than the other?

I agree. I think the voluntary sector, the charitable and non-profit sector, has a wide range of offerings to make Canada a better place. I think we could have a really long and perhaps never-ending debate over the value of a service that needs to be provided immediately versus one that has a long-term transformative nature. And if we say we're potentially going to give a priority of one over the other, if you use urgency as a benchmark, it could be a really interesting and potentially messy debate.

[Translation]

**The Chair:** Mr. Giguère, you have 30 seconds left.

**Mr. Alain Giguère:** I just have one very quick question.

At the moment, donations under \$200 and donations in excess of \$200 are treated differently by the tax system. Of course, for someone who earns \$60,000 a year, \$200 is not a big deal. But for someone who earns only \$20,000 a year, it's a significant amount. Are you in favour of having just one rate, whether the donation is less than \$200 or more than \$200?

[English]

**The Chair:** Is there one response to this?

Mr. Bird.

**Mr. Ian Bird:** Our response is that we think this invitation to Canadians that the stretch tax credit provides will enable those who may not have given anything at all to then benefit from a tax incentive provided by their government, and that would open up a whole new pool of donors. Mr. Julian asked the question, and Parliament's own budget officer has done some of the research to identify some 600,000 new donors that this might bring into the system.

That would be our perspective.

**The Chair:** Thank you. *Merci*.

We'll go to Mr. Van Kesteren, please.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thank you, Chair.

Thank you all for appearing before us here this afternoon.

I want to go in another direction. We had a witness here last week, Dr. Paul Reed, who told the committee in his brief, and I quote:

One of the dominant reasons Canadians give for not contributing, or not contributing more, to charitable organizations is that they already support the provision of community and social services through already paying considerable, and rising taxes.

I'm curious. We've endeavoured, as a government, to partner up in areas like CIDA, when there was a need. I'm going to take this back to the community, but abroad, which is much of the charitable giving

that all of your organizations are involved in, we have found it very popular, and when the government makes the request or gives the challenge, Canadians respond favourably. I would suspect—and I think you would all agree too—that taxes are levied and we really have no say. With charitable giving, now we have a choice about where we are going to put our money.

I wonder if maybe you, Mr. Bussey, could first tell the committee how important those types of endeavours are, and then maybe, if you've ever thought about how we could expand that to the community—say we do a lot of social housing and we could start to partner up, much as we do with NGOs in other countries.

I'll start with you, Mr. Bussey.

• (1640)

**Mr. Barry Bussey:** You are referring to the CIDA experience?

**Mr. Dave Van Kesteren:** We'll talk about Haiti and the tsunami in Japan prior to that, but any time there's a catastrophe, an earthquake, or something, we offer that to the Canadian people.

**Mr. Barry Bussey:** Certainly in our membership, we have a number of development agencies and so forth around the world, and people respond to the crisis of the day, as it were, in which the churches and the church organizations are able to get involved. We think of MCC—that's the Mennonite Central Committee—and like organizations, and we find that as a community, as a faith-based community, when we see these international needs, people certainly give even though they are already giving to their local churches, but to the international needs and so forth, they go forth.

I am not sure I fully understand your question. What is it exactly?

**Mr. Dave Van Kesteren:** These proved to be quite successful. Have you thought about those types of projects within the community? I suggested housing, for instance.

**Mr. Barry Bussey:** Of course, the problem with the church-based community, which we are, is that we struggle with our definitions fitting under advancement of religion, so we have to be careful when we get involved in social enterprise activities. Currently, the requirement is that if we are involved in those things, it has to be incidental to the advancement of the religion.

One of the projects, for example, the MCC uses is the thrift store. They're able to get involved because 90% of their staff are volunteers, but that makes it very difficult for them to maintain that staff and so forth. It takes a lot of effort. The church community is very much interested in doing more social enterprise, but they are very concerned about their status with CRA in doing so.

**Mr. Dave Van Kesteren:** Can you just comment on that very quickly—

**The Chair:** You have 30 seconds.

**Mr. Dave Van Kesteren:** —and maybe talk about why the tax issue is so important. Why, when we're taxed more, people seem to give a little bit less. Maybe you could just mention that as well.

**Mr. Michael Van Pelt:** The question you're getting at is the question of leverage. The *Globe and Mail* recently did some great research on this. I encourage you to look at it. They estimated that for all charities, except for your big universities—so taking out universities and hospitals, etc.—43% of their revenues are through government. Then the question becomes how you fill in and how you leverage. We're dealing with that at Minister Finley's advisory committee, the struggle at HRSDC about how we leverage funds.

What's interesting is that if you pulled away the organizations that get no government funding, I suspect it would move into the 60% area, and that's a fearful percentage. The question for you as a parliamentarian then becomes where the dollar amount itself can most effectively and productively be used. I would suggest in some cases—but not in all—there is a role for government in many of these spaces. One is mental illness, for example. There are so many illustrations about how mental illness and being able to deal with mental illness need integrated community involvement rather than just government services to be delivered effectively. That's a great example of how to be able to provide that service. You have to have a much better leveraged effort than what we have currently.

**The Chair:** Thank you.

Thank you, Mr. Van Kesteren.

We'll go to Ms. Sims, please.

**Ms. Jinny Jogindera Sims (Newton—North Delta, NDP):** Thank you.

First of all, as others have done, I want to thank you for coming to make your presentations.

I've had the privilege of working with a number of groups, definitely through the Boys and Girls Club. I'm always impressed with the work that comes out of the Suzuki Foundation and the faith groups that are absolutely instrumental in providing much needed support in communities right across...but specifically in my community of Newton—North Delta. There, I would say, whether it's the church, the mosque, the mandir, or the gurdwara, I'm really impressed with the work by the faith community to fill a gap that is ever growing. It's no surprise to anybody. All of us know that the gap between the rich and the poor is growing in Canada.

As I sat here and listened to all of your presentations, something that struck me was that when you hold charitable status—and you may be a food bank, an evangelical organization, or the Boys and Girls Club—you're dealing with a lot of things that are happening in our communities that are there because of public policy, and the best way to address those is through public policy.

Yet I heard that there is some feeling of trepidation about engaging in public policy or advocacy. I see advocacy as engaging in a way to effect changes in public policy. If that were to happen or if you're feeling that, how is that going to impact the work you do right now? Will you then become just a place where people go for a meal, and will you then not be able to do the kind of work you need to do to have a national poverty reduction plan, let's say, which we know is very much needed?

I want to know how those kinds of rumours or things we hear out there about cuts to some charitable advocacy work could impact the work you do right now.

• (1645)

**The Chair:** Mr. Hutchinson.

**Mr. Don Hutchinson:** This is related to a question we heard earlier, Mr. Chair and that has to do with civic responsibility. One of the benefits, if you will, to the current economic situation is that people who are accessing food banks and soup kitchens are actually volunteering to work in those places and are teaching their children about them.

We used to learn civics in high school. Most high schools don't talk about civics any more. In the church we still talk about caring for your neighbour, and other religious communities have similar types of conversations.

I think where the government could really partner well with the charitable sector would be in some type of advertising, similar to that used for the economic action plan, encouraging Canadians to get involved with the charities in their community, to get involved in various ways in the civic life of their community, whether they get involved in the municipal government or provincial government or whether they go to the local food bank or elsewhere.

Rabbi Bulka has repeatedly stated in very public settings—and I really appreciate what this man has to say—that it's not about giving back; it's about giving. And when it's about giving instead of giving back, it's not because you owe something; it's because you're moved in your heart to be compassionate toward the need of others.

**The Chair:** Ms. Sims, you have one minute.

**Ms. Jinny Jogindera Sims:** I really have to comment on a high school in my community, Princess Margaret School, which did a whole week on poverty. The kids actually had to develop a plan and do a budget, and they had to give up something that they really loved. Every one of them wrote me a letter. I'll tell you, if you were to read those letters, it would bring tears to your eyes. So we do have schools that are doing civic responsibility and are looking at issues.

But I wanted to ask one other question, if I may—

**The Chair:** You have 30 seconds, so very quickly....

**Ms. Jinny Jogindera Sims:** Okay, in 30 seconds, quickly, how could we be encouraging more schools? I would say that if we were to move away from the standardized testing agenda, so that we have time to do more on civic responsibility—

**The Chair:** Okay—

**Ms. Jinny Jogindera Sims:** —then we could be doing some of that work.

**The Chair:** This is when a member puts me in the wonderful position of asking a very good question at the end of her time.

**Voices:** Oh, oh!

**The Chair:** Is there someone who can address this very briefly?

Very briefly, Mr. Bird.

**Mr. Ian Bird:** Yes. One suggestion is that there are youth and philanthropy programs right across the country. They're in Community Foundations, but they're in other institutions, such as United Way, and I'm sure there's a connection through Big Brothers Big Sisters and almost anyone here to some kind of youth initiative to connect a school to, so....

• (1650)

**The Chair:** Thank you.

We'll go to Mr. Jean, please.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you, Mr. Chair.

First of all, I want to start with Mr. Bird.

In passing, you said there were great foundations up in northern Alberta. Was that what you said to me?

**Mr. Ian Bird:** That's right.

**Mr. Brian Jean:** Are you talking about Fort McMurray in particular?

**Mr. Ian Bird:** Yes, in the region of Grande Prairie, right through to northern Alberta.

**Mr. Brian Jean:** So you have a lot of response from people in that area who are donating money to foundations?

**Mr. Ian Bird:** Indeed, yes. Alberta is one of the most generous provinces in the whole country.

**Mr. Brian Jean:** In fact, we heard evidence earlier—and this is of course from my constituents—that the United Way gets more donations per capita from Fort McMurray than any other city in the country.

**Mr. Ian Bird:** Well, there you are: civic responsibility is alive and well in Fort McMurray.

**Mr. Brian Jean:** I was the chair of the Children's Health Foundation up in northern Alberta for years. In fact, we raised millions upon millions of dollars in that area for children, and we did very, very well.

But that's not my question. That was my comment, just to give back to the constituents who give so much.

**Mr. Ian Bird:** It wasn't about the oil of Elijah? Just for a second there, I thought it was.

**Mr. Brian Jean:** No, not exactly.

**Voices:** Oh, oh!

**Mr. Brian Jean:** I hope that comment doesn't come off my time, Mr. Chair.

I'm interested in the transparency of non-profits and, generally, organizations that don't have to pay taxes and the transparency they show to the people who donate. In particular, I'm interested in the Independent Sector in the United States. Is anybody familiar with that organization? The Independent Sector is approximately 600 organizations that set mission statements and a hundred best practice guides. Nobody's familiar with them...?

Well, I won't go into that, then, but what I am interested in is what's happening in the United States compared to what's happening

in Canada. We heard from the CRA earlier during this study that we have some transparency on the CRA website, and in particular the 10 highest-paid staff positions, not the particulars of the names, etc., but just a general guide of where people are paid and what amount they are paid, not specifically but within \$10,000. Also, there's no disclosure of the 10 highest-paid contractors.

Now, I heard evidence recently in the natural resources committee that in the United States they actually publish the 10 highest-paid staff members, including their names, and the 10 highest-paid contractors of those organizations, including their names. My understanding from the evidence we heard that day was that they actually have much more transparency in the United States in relation to not only where the money is going for each organization, but where it's coming from.

Is that your understanding as well? Anybody?

**Mr. Ian Bird:** I'm sorry. Is it our understanding that there's a difference between the regulatory environment in the United States and in Canada?

**Mr. Brian Jean:** Yes, in particular that transparency for taxpayers in the United States is much more transparent than it is in Canada.

**Mr. Ian Bird:** Well, I think there's a series of efforts under way meant to increase transparency in Canada. I do believe that CRA is actively involved in those, and those are well advised. In fact, it's something that's held in common right across both the foundations and the charities around their own activities. I think the movement towards transparency is well advised.

**Mr. Brian Jean:** In fact, I was looking at best practices. Accountability and transparency were what is seen by most publishers on the websites as a key to keeping non-profit sectors on course. Would you agree with that?

**Mr. Ian Bird:** Indeed, the blue ribbon panel your government put in place really had this in mind. And there has been a real incentive by leading organizations, such as Imagine Canada, to see the implementation of the blue ribbon panel's recommendations. The work at Treasury Board and also within the line departments is a key part of that. This provides an opportunity for CRA to ensure that its efforts are also in line with the rest of the government. We were in an earlier discussion about leverage and the opportunity for matching funding. This is something your government is actively involved with already. Canadian Heritage is providing incentive grants, as we've heard, and CIDA is doing the same thing.

That environment, if it's strengthened, upon the recommendations of the blue ribbon panel, would create more impact in communities, because the investment of the Government of Canada could be aligned with the kinds of investments that come forward from Canadians through gifts earned through activities like the ones Barry was talking about. I think your efforts to encourage the adoption of the blue ribbon panel recommendations will make those tax incentives go further.

It's a great question.

• (1655)

**The Vice-Chair (Mr. Hoang Mai):** Thank you, Mr. Jean.

Mrs. Glover.

**Mrs. Shelly Glover (Saint Boniface, CPC):** I too want to thank all the witnesses for being here today.

I'm going to ask a couple of questions. Mr. Bird, I'm going to give you a heads-up about the question I'm going to ask, because I'm going to come back to you. In your submission, you talked about some suggestions for regulatory changes. I'm going to ask you about those. I'll give you a chance to think about it, because I don't have the submission from the philanthropic foundations. I'll come back to you.

Mr. MacDonald, I happen to be a very big supporter of Big Brothers and Big Sisters. I sat on the board of Big Sisters before we amalgamated in Winnipeg. I happened to be, I think, the first parent of a matched child who ever sat on a board of your organization.

I'm going to ask you specifically about bequests, when people bequeath their property, because we have talked a lot about tax incentives, which, quite frankly, seem to target the same donors who are already donating, although we are looking to raise the number of donors. I'm looking for ways to target some of the folks we're missing. When I was policing, there were an awful lot of seniors who didn't have children and didn't have wills. We'd go when they suddenly died. I always wondered how we could educate, because unfortunately, many of those ended up in court settings. It's unfortunate, because some of these folks were linked to organizations.

The reason I'm asking you, Mr. MacDonald, is that when I sat on the board of Big Sisters, there was a large donation by an elderly woman of her home upon her death. I'm wondering if there are any things we as a government could do to encourage the bequeathing of property, given what I've seen and given that your organization has, as I know, benefited from it. If you don't have an answer today, I would like you, and all of you, to think about how we might target that.

I think what Mr. Hutchinson said about advertising isn't really a bad idea, because people might not know that these opportunities exist.

Do you have any comments about targeting people who don't donate?

**Mr. Bruce MacDonald:** I don't have a response from the government side. I'm not sure there's something top of mind that really leaps to mind. I immediately go to the organizational side, because organizations like ours have seen these, on an occasional basis, happen across the country. Now I know that there are lots of other organizations that have more fully formed or rigorous planned giving programs. One of the things that unfortunately has happened with us is that we've lost touch with a lot of people over the years instead of having kept them engaged for a very long span of time.

I think on our side of the equation, that's the cultural shift that needs to happen, so that when people are involved with Big Brothers and Big Sisters, in our specific case, we're able to stay in touch and build a relationship, and when people are making these kinds of decisions, it has been written in. We're seeing that happen.

**Mrs. Shelly Glover:** I'm sorry to cut you off, but I want to get to Mr. Bird's answer. And I do want anyone who has an idea on how we might tap into that to write in afterwards. That would be good.

Mr. Bird, go ahead.

**Mr. Ian Bird:** The regulatory environment in Canada has yet to catch up to all the opportunities that are out there for community investment by pools of capital such as might be with foundations or pension funds or other such places that would assist community social enterprises.

Mr. Brison asked the question about whether this should be examined. One of the reasons to answer yes is the one I gave. The other one is because of the regulatory environment.

I'll give you an example. A limited partnership that's an activity for an environmental social enterprise may well be the best vehicle to achieve that environmental objective, and an economic benefit, a financial return. At the moment the available pools of capital in our foundation environment—and in the case of Community Foundations, that's \$3 billion in capital—cannot be placed in that limited partnership, whereas it can in the U.K. and whereas there is an evolution in the United States, as we just heard about.

For Canada to make available its community capital, we could improve the regulatory environment to allow for that, and then limited partnerships would open up and that capital would be available to those enterprises.

**The Chair:** There are about 30 seconds.

Mr. Bussey did want to comment. It's up to you.

**Mrs. Shelly Glover:** I'll get to you.

But through you, Chair, could we get a copy of Philanthropic Foundation's report, which makes some recommendations on the regulatory...?

Mr. Bussey, go ahead.

**Mr. Barry Bussey:** I just want to mention, as a member of the Canadian bar, that the law societies across the country will often have a special wills day, and so forth, offered to the public.

But it takes me back, as well, to the concept and the idea.... Remember, many years ago, the government supported the importance of Canadians to exercise, so there were all kinds of ads for ParticipACTION and so on. I'm almost wondering if we shouldn't have a ParticipACTION kind of initiative on behalf of the government to give to charities and so forth.

I know that as a youngster, growing up in our schools in Canada, seeing all of those ads on TV... I always wanted to play hockey anyway, but it was just like, yes, I was part of the culture and that kind of thing.

• (1700)

**The Chair:** Thank you.

We'll go to Mr. Julian, please.

**Mr. Peter Julian:** Thanks very much, Mr. Chair.

I'd like to start off just by giving each of you a chance to answer Ms. Sims' question around putting that culture of giving in the schools, and charitable organizations instructing a new generation of Canadian children and youth to get involved. If you have suggestions or comments on that, we'd really appreciate hearing them.

**The Chair:** Mr. Robinson.

**Mr. Peter Robinson:** I would suggest, though, that trying to raise awareness on giving at the school level has a couple of problems attached to it. I think what you would want to do is expose kids early to some of the benefits these charities are providing, so they're better educated about what charities are doing in their communities and they see the impact of them, and even potentially participate as volunteers. That's a way for them to be encouraged to be much more participatory, and then, as they get older, you can move into a culture of giving, rather than coming straight at them and hitting them with, "You need to be a giver". That would be my only comment on that earlier question.

**The Chair:** We have Mr. MacDonald and then Mr. Hutchinson.

**Mr. Bruce MacDonald:** Yes, I agree. I think the first step is around civic engagement and how kids understand the role of their coaches as volunteers and understand that some of the people with whom they interact, their mentors, are volunteers playing a role in their community, and that they need support. I think that's the first place.

The other thing is that there is a network of organizations like Big Brothers Big Sisters that are out there and can help be the ambassadors of that.

It's funny. We've had some internal conversations around what the role is that our mentor volunteers play when sitting with a young person in a school or at a community centre and those kinds of conversations they can have. We can be part of that voice.

**The Chair:** Okay.

**Mr. Don Hutchinson:** Thank you, Mr. Chair.

Again, that is a good question. The integration in the community is so vital. A number of organizations are engaging with extracurricular activities, such as World Vision Canada's 30 Hour Famine, which has become very popular in the high schools and helps to identify with the cause as well.

A number of provinces now require a certain number of community service hours, working with these charitable and community-minded organizations, as part of the process to graduate. So you're actually getting a practical introduction to civics.

But there is nothing quite like the civics class itself, talking about what's out there. It's amazing to me the number of young people who are unaware of how government operates. They're unaware that in Canada we have several levels of government, and they are completely unaware of our Constitution—these types of things.

I would hearken back to another great advertising campaign, Barry, the Canadian *Heritage Minutes*, a great opportunity to introduce people to the realities of civics if they're not going to get it in high school. That's something the federal government is allowed to do.

**The Chair:** Mr. Van Pelt wants to comment too, Mr. Julian.

**Mr. Michael Van Pelt:** If you observe over the last 40 years a lot of the conversation about the problems we're facing or the challenges we're dealing with, we've defaulted to fewer and fewer institutions to solve the problems of those challenges. If you're on the right, you kind of default to the market to say it will solve the problem. If you are on the left, it's the government that solves the problem.

A lot of the conversation, even in a young environment, becomes, "Okay, here's the problem. What institution...?" It will be the government that actually solves the problem. Even in popular news talk, the impulse is to ask what government can do. What's missing is that whole conversation about what those institutions in between government and the market can do.

Just look at the future of service clubs in this country. There's a really critical story there about us needing to change the conversation about what institution is best to solve the very problems we want to talk about at school.

• (1705)

**The Chair:** You have about 30 seconds.

**Mr. Peter Julian:** I asked that question in the context of being a kid in New Westminster and rolling the pennies to make local charitable donations with a bunch of my buddies. We collected pop bottles, took them down to the store, and gave the money to charity. It can start at an early age.

The other question I wanted to ask I'll put very briefly. Right now for cash donations governments pay about 46%. For capital gains tax we talk about listed securities. It can typically be 60% and as high as 69%. Can you comment about the appropriateness of that mix and whether you feel that should be drawn more together?

**The Chair:** Who is that directed to?

**Mr. Peter Julian:** I'll direct it to Mr. MacDonald.

**The Chair:** Mr. MacDonald, be very brief, please.

**Mr. Bruce MacDonald:** Sorry, can you just rephrase that?

**Mr. Peter Julian:** The Ministry of Finance testified before us and said that cash donations are covered about 46% by government support. For capital gains and listed securities it's typically 60%. So there's a definite increased subsidy right now for listed securities and capital gains donations. Do you feel that's an appropriate division or mix?

**Mr. Bruce MacDonald:** If there is an opportunity to have greater recognition of the cash investments, that's fantastic. But to be honest with you, I'm not qualified to throw an opinion on that one.

**The Chair:** We're a minute over his time. If any of you have comments, please feel free to submit them to the clerk. We'll ensure that all members get them. Sometimes the chair offers the advice that good questions should be asked at the beginning.

I'm going to take the next round as the chair and follow up with two organizations.

To Mr. Van Pelt and Mr. Bussey from Cardus, both of you recommended not the stretch tax credit but sort of making the one-stage credit—making it for under \$200 equivalent to over \$200.

I want to put a critique out there that you are probably well aware of. This will not increase giving at all; it will simply increase the cost to the government in terms of revenues. This is a very public criticism. I'm sure you are both well aware of it. So I want you both to answer that it will not incent giving—that's the argument for the stretch tax credit—but will simply increase the cost to the treasury.

Mr. Bussey.

**Mr. Barry Bussey:** From our perspective, in the church community it is the individuals who have been supporting on a consistent basis, motivated quite often because of religious commitment to the local church, whether they are giving tithes, offerings, and those kinds of things. From looking at it, we're trying to increase the funding to the charitable community.

We already know who is giving. They have been consistent over the years. They are the ones we have relied on. We've seen this over and over again. We are proposing what we are proposing simply to allow these people to have even greater capacity to give more. Because they are so dedicated to the cause of whatever charity they are supporting, having the ability to have a greater tax credit allows them to have an increased capacity.

**The Chair:** Mr. Van Pelt.

**Mr. Michael Van Pelt:** There's some caution that needs to be employed on the argument that an increase in the charitable tax credit won't increase giving. If one follows the logic of that argument too much, one might be tempted to say, let's remove the tax credit altogether. I'm rather curious what 80,000 charities would say to that.

There is the matter of the law of diminishing returns, which happens with charitable giving. I do not know of any research out there that illustrates that we are at the peak of the law of diminishing returns, but let's understand why we're doing the charitable tax credit increase.

We are not doing it because we want to find a whole bunch of other people to be able to give. Remember, for those who give already, there's a lot of room to give. The amount that Canadians give is not a huge amount. There's lots of potential to give more. The strategy—and it's a different strategy than the stretch credit—is to shore up this civic core, which is so critical to our community, allowing us some time to answer the bigger questions.

My suspicion is that the government's tax expenditure numbers are going to increasingly go down, not up, even with a benefit.

• (1710)

**The Chair:** Respectfully, though, I'm not sure I'm getting an answer to how making it a one-stage credit for both incents people to give more, or does it incent people to give more, because the argument against—from people we had on the last panel—was that you're just going to increase the cost? You're not going to incent people to give more. That's why you should do the stretch tax credit because that incents people to give more. That's an argument for the stretch.

I want you to address that criticism—that this does not, in fact, incent people to give more than making it a one-stage credit. Frankly, I like the simplicity of it, but I want that argument addressed.

**Mr. Michael Van Pelt:** I would go back to your assumption that it doesn't incent. Where do you get that assumption, if I may respectfully challenge you, Mr. Chair, on the assumption that it doesn't incent?

Every time we go out—

**The Chair:** Because the argument is that if I could give over \$200, I'd be giving it now and I would be getting the higher credit, but I'm not giving that. There's no incentive if you make it the same for me to give more than say the \$50 I'm giving to Big Brothers Big Sisters.

**Mr. Michael Van Pelt:** Our experience, as we talk to charities across the country, is that as the charitable tax credit goes up, people see they have more room in their disposable income to give, they're passionate about what they're going to give to, and they will.

There is maybe a question of leakage. If you go from 29% to 42% for every \$1,000, there's \$130 there that it's costing the government. Some may say, “Yes, there's some leakage. We'll keep \$70 of it and give away the difference.”

I'd take the risk on that issue. I just don't see any other alternative that accomplishes your interest as well.

**The Chair:** Okay. I have to cut myself off here in terms of time, unfortunately, but if there's anything further, please do feel free to send it in.

I'll go to Mr. Brison now, please.

**Hon. Scott Brison:** Thank you, Mr. Chair.

I want to speak to the capital gains tax exemption. Now, we have publicly listed securities, but the proposal is for shares in private companies and also real estate.

The Department of Finance officials told us that there was a tax expenditure they assigned to these gifts of about \$34 million per year. When pressed, the officials said that it was difficult to assign that value, because they admitted it was based on the assumption that the disposition of the shares would have occurred in any case. To understand how you assess a value to that, you have to understand the psychological impact of capital gains tax on investors. The reality is that capital gains tax actually locks up a lot of capital, because people don't want to sell shares that they have held onto, in some cases, for years and years, and in some cases decades.

Would you agree that the actual cost to taxpayers is significantly less than that which the Department of Finance officials are assigning, rather arbitrarily, today?

**The Chair:** Anyone want to take this?

Mr. Bird.

**Mr. Ian Bird:** I believe Mr. Johnson was here previously and has an answer for that. Don has been the one who has really crafted this argument and would be the go-to person to help you with that, if you weren't able to get the answer from his testimony.

**Hon. Scott Brison:** The issue, though, is an important one, and you've considered Mr. Julian's question about the significant tax expenditures. My point is that if you assume that the disposition of the shares or the assets would not have occurred otherwise, you could argue there's no tax expenditure, because there would not have been a tax expenditure in any case, except perhaps 20 years in the future when someone dies and things are passed on to an heir or something. It is important to consider that.

But also, the Department of Finance, when it's considering these tax expenditure arguments, doesn't really consider the leveraging that occurs in terms of the potential benefit. I was reading Neil Reynolds' piece in the *Globe and Mail* yesterday, which I think you were referring to. The federal reserve in the U.S., in one study indicated that "charitable activities can be accomplished [by the philanthropic] sector...at about one-third less than what the government would have to spend to accomplish the same goals".

So I think it's really important for us to consider, particularly during tight fiscal times, that these incentives actually create a leveraging effect that actually stretches tax dollars as opposed to taking tax dollars. The Department of Finance simply does not have the mandate to look at it.

Should we as a committee be studying more thoroughly the leveraging effect as part of that cost-benefit analysis?

• (1715)

**Mr. Michael Van Pelt:** I would love to be able to help answer that question.

It's interesting—this question came up in the discussions with HRSDC on their interest in increasingly leveraging the social service organizations that they're part of so that the percentages would be stronger, based on that argument.

HRSDC internally does not have data on who and why and how these organizations actually best leverage their resources. It's a question that's still out there.

I go back to the comment in my presentation: if we had no charitable tax credit at all, if it didn't exist, and someone came up to you as a member of Parliament and said, "Give me \$2.26 billion and I'll influence 80,000 charities across the country, in every single community, all over", you would sign on to that \$2.26 billion in a minute. It would be in this budget.

It is still, by far, the most powerful tool you have out there as a parliamentarian, and that gets partially at it.

**Mr. Ian Bird:** To follow up on that, you're getting at something that's about timing. For example, for a community foundation in southern Saskatchewan that receives a gift of mineral rights below the ground, there's a timing issue. It may be unlocked sooner if there's an incentive to do so.

The other part of timing is what we need now. What do the times call for? I think this comes back to the civic participation question. How do we get more people right across the country providing a contribution to civic strength in all communities? That's the timeliness that I think we're after.

**The Chair:** Thank you.

Thank you, Mr. Brison.

We'll go to Mrs. Block.

**Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC):** Thank you very much, Mr. Chair.

It's good to be back at this committee. I know you'd like us to keep our questions succinct, so I will try to do that.

We've held this conversation at this table before. Your last comment, Mr. Bird, is a great segue into my question, because it does have to do with the culture of giving. I know I've heard that referenced a number of times around this table. I've mentioned this before at other tables. I've heard it said that culture eats strategy for breakfast.

While you're trying to create a culture, you are also probably dealing with one that already exists. I think therein lies the tension. How do you deal with a culture that's already in existence and create a new one or build on one?

I'm wondering—and this is for any of you—what you believe the role of the federal government would be in terms of educating the public, say, through an advertising campaign?

**The Chair:** Mr. Bird, and then Mr. Hutchinson.

**Mr. Ian Bird:** I think there's an interesting discussion that's going on right now. In fact, Allan Gregg spoke about this at the national summit hosted by a number of us. The point was made that in the past, most public engagement efforts have focused on attitude, awareness, or understanding.

Frankly, I think there's quite a high degree of awareness about the benefits of giving. Allan Gregg made the argument that it's about shifting to strategies organized around behaviour, and in fact our message should be zeroing in on the behavioural side.

This is something economists have been grappling with ever since the downturn in 2008. People were aware of the risks, but it was behavioural economists who understood the kinds of changes that were coming. They were the ones who predicted the downturn. I think if the government were to pursue an advertising effort and promotion of this and get behind the tax incentives you recommend, it should be one that really zeroes in on the behaviour, and through that behaviour, then, the impact this could have in our communities, in our environment, and in the way we participate in civic life.

• (1720)

**The Chair:** Mr. Hutchinson, and then Mr. Robinson.

**Mr. Don Hutchinson:** I've answered part of the question previously, so I'll add some content. The importance of the charitable sector to the Canadian economy is significant. I don't think most Canadians are aware of that. Promoting the integration between the several sectors of our economy is key. People hear about corporations and the good and bad they do. They hear about government. Yes, government does good, and government does bad as well. They rarely hear, for example, that a number of charitable organizations bid on government contracts. The lowest bidder takes the contract, and the charities seem to stretch the government's dollars. When the government offers the same service, it costs two, three, sometimes four times as much money. I'm not suggesting the government advertise its inefficiencies, but I would suggest that promoting the idea that charities are engaging with the world and the government is engaging with charities, so what are you doing, would be an incredible thing.

The Canadian Christian Relief and Development Association sent over \$537 million out of the country in 2010. Of that total, less than 6%—\$32 million—came from CIDA. So people are engaging. I would dare say that this \$32 million was better spent than if the government had invested \$32 million in having a bureaucratic civil service organization do the same work.

**The Chair:** There's about a minute left.

Mr. Robinson, you wanted to comment.

**Mr. Peter Robinson:** Yes, just to pick up on this—because I actually don't believe a campaign like that would have the biggest impact—I'd like to focus back on something Mr. Jean said. In terms of how the CRA and the government look at the financial acumen and performance of organizations, they tend to put a high value on the programs that are delivered and lower values on administration and development costs. If you wanted to really develop a culture of giving, you would allow charities to actually do much more to inculcate that culture by going out and connecting, developing deeper relationships, making a longer-term connection with the individuals who are either donating now or could possibly donate. But all of our organizations tend to want to make sure that the bulk of our funding goes to programs, simply because those are kinds of guidelines we're given.

In my mind, if the federal government were going to do anything to look at increasing that culture, it would be to look at how we can ensure that organizations can do more outreach to do that themselves.

**The Chair:** Thank you.

I have two more members, so if I could ask members to have short rounds, it would be helpful.

Mr. Mai.

**Mr. Hoang Mai:** I have just one question, and then Mr. Giguère has one.

This question is to Mr. Robinson. It's easy for us to see that some organizations are working to help people in poverty. In terms of your situation, the government has been attacking environmentalists; environmentalists have been under watch.

Can you tell us, in terms of education, what can you do and how can you work with the government? How can you add in terms of where we move forward as a society?

**Mr. Peter Robinson:** The question goes to my opening comments, which were that I believe the government has a role to acknowledge that charities play a significant role in policy development in this country. There's a long history of doing it, no matter what the sector. It's difficult. I know there's been some pressure on the environmental sector lately, and in effect it diminishes the fact that a lot of the work that environmental organizations and charities are doing is actually to promote government policy and strengthen it in a way that impacts on all Canadians equally.

I would just hope that in the debate on the single issue that seems to be dominating the media these days we don't lose sight of the fact that all charities, environmental organizations included, are actually working toward the civic good of this country.

**The Chair:** Okay.

[*Translation*]

Mr. Giguère, you can ask a very quick question.

• (1725)

**Mr. Alain Giguère:** I will try to be very quick. You know how difficult that is in my case.

What would be the reaction in the charitable donation community if one group in particular, specifically food banks and shelters, were singled out and donors of food could claim the expense as a deduction, something that is not the case at the moment? What would be the reaction if food banks were allowed to take a donation of real estate? This would apply only to shelters and food banks. What would happen if donations of equipment were allowed, such as tables, vehicles, gasoline? Fourth, what would be the reaction if those providing space at no cost were allowed a reimbursable tax credit? At the moment, religious communities quite often provide organizations of that kind with space.

[*English*]

**The Chair:** Mr. Van Pelt.

**Mr. Michael Van Pelt:** I guess the concern would be what institution would make those judgment calls? I'm imagining in this case you would think it would be the Government of Canada. That would be a fearful thing to me.

**The Chair:** Okay. Anyone further?

Mr. MacDonald.

**Mr. Bruce MacDonald:** I think the reaction would be that it wouldn't be overly popular to suggest that there's one element of the voluntary sector that is more important than others. If you just want an honest, gut feel, I think there would be a lot of organizations who would say, we understand and recognize the need for that service, but I'm not sure there's anyone, really.... And it comes back to who gets to say that service is more important or will do better than another service.

**The Chair:** Mr. Hutchinson, you wanted to comment.

**Mr. Don Hutchinson:** I have lived and worked in communities across the country where the religious community has provided space, has started the food banks, and has turned them over to the community when it's appropriate, and those kinds of things. I would be very concerned about favouring one sector over another, but promoting greater cooperation between the sectors might be advantageous.

I also don't want us to lose sight of the fact that most people give either because their convictions have created a planned form of giving, a certain amount of their income, or they're giving out of their excess, the extra they have. That brings us back around to the idea that there are a lot of single-income families out there who would give more if they had more disposable income.

**The Chair:** Thank you.

Mr. Bird, very briefly, please.

**Mr. Ian Bird:** You might want to check in with Santropol Roulant in Montreal, or with The Stop in Toronto. These are two food security-based and -centred organizations that have spun off a series of other things of importance to their community: youth employment, seniors' care, social enterprise, youth engagement activities. It's that connectivity of those issues that's important at the community level, and I think you would benefit from their views.

**The Chair:** Thank you.

Before I go to Ms. Glover, Mr. Jean.

**Mr. Brian Jean:** Very quickly, Mr. Chair, we've heard three times from three different witnesses about cooperation between the charities and how it could encourage giving and also work to our advantage. I'm just wondering if any of the witnesses can table that to the committee at a later date.

**The Chair:** We can certainly have them table that.

Thank you. *Merci.*

We'll go to Ms. Glover for a brief round, please.

**Mrs. Shelly Glover:** Thank you, Mr. Chair.

As I begin, I want to say to you that I'm very disappointed in the comments made by Mr. Mai. In fact, the government members have been very respectful of these witnesses today. I don't recall any of them ever attacking any of the environmentalists who might be here. I resent that, and I'm going to stand up for these members, who care very much about this study on charities.

Nevertheless, having said that, may I ask you to do some homework for me. I'm not a teacher, but I really want your advice on this.

Mr. Paul Reed, who is a professor from Carleton University, was here. I'm going to read to you a segment of what was in his report. Again, it's on bequests, but there are suggestions in here that we never seem to get to, and I would be really interested in hearing from you about these suggestions. As Mr. Van Pelt said, this demographic change of baby boomers is something we're looking at.

Here's what he says:

Financial incentives may be worth considering for charitable donations that take the form of bequests. As baby boomers move into retirement and approach old

age, Canada is on the verge of a period of historically unprecedented numbers of estates containing significant value.

Then he goes on to say:

There may well be potential for a graduated tax credit regime that would facilitate the making of bequests, which entail capital gains to charitable organizations.

If you have a suggestion on how we might make that happen, great.

He also suggests:

A further possibility that would have much the same effect as a tax credit scheme and would cost the public treasury no more than a tax credit approach would be a partial "matching contribution" approach, where for example, a modest percentage (say, 10 or 15%) of funds in a bequest assigned to a charitable organization would be matched by the Government of Canada.

So there are two suggestions he makes, and I'm very interested in hearing from you, following this, if you can send it to us, if you think this might have an impact on what we're trying to accomplish. And because we never get to it, I appreciate that you allowed me to read that out.

Thank you, Mr. Chair.

• (1730)

**The Chair:** Thank you.

Does anyone want to comment briefly on that?

Mr. Van Pelt.

**Mr. Michael Van Pelt:** Thank you for that.

Paul Reed worked with Cardus on our culture of generosity study, which you may have seen, and we are about to release a study with Paul on planned giving and the nature of planned giving, and we'll tackle some of those issues. I look forward to submitting that when it's published.

**The Chair:** Thank you.

Thank you, Ms. Glover.

I just want to clarify, as the chair, because there have been some issues raised. I did ask CRA very directly this question and they gave me a very direct answer. I asked if there was any political direction given to them whatsoever in terms of who they audit or do not audit at CRA. CRA said, no, there's not; there's none whatsoever.

Mr. Hutchinson, you spoke to this earlier, just in terms of the issue, but if there's any sense from any of you that there is political direction given to CRA because of any of your public advocacy, please let this committee know, because that is what CRA has told us categorically. If any of you have anything to refute what CRA is telling us, please let us know. You can state it now or you can send it to me, as the chair, later on, but that's what CRA was very clear about with us on January 31, before this committee. I did want to point that out and clarify that.

I do want to thank you very much for all of your work, as members have said.

Monsieur Mai, on a point of order.

**Mr. Hoang Mai:** It's just a response to Ms. Glover.

My comments were not made towards the member of this committee. I think you all have been very respectful. My comments were made towards the cabinet ministers of the government.

**Mrs. Shelly Glover:** Shame on you.

**The Chair:** Okay.

We started with chocolate between the members and we finished with a little political dispute, but we want to thank you very much.

Again, if you have anything further for us to consider, please do submit it to the clerk. We'll ensure all members get it.

Thank you so much for being with us here today.

The meeting is adjourned.

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