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Executive Summary

The Calgary Chamber of Voluntary Organizations submits the following budget recommendations, in response to consultation questions one and three from the Standing Committee on Finance.

Core Recommendation: Implement a National Charities Strategy to ensure that Canada's charities are able to meet the needs of their communities

Strategy components include:

- 1. Continue priority on reforming the administration of Grants and Contributions**
It is recommended that the Government sustain its commitment to the implementation of the recommendations of the Blue Ribbon Panel on Grants and Contributions to reduce the excessive administrative burden that undermines the effectiveness and efficiency of charities and nonprofit organizations.
- 2. Maintain collection of essential data**
It is recommended that the Government ensure long-term funding to support the ongoing collection and dissemination of mission critical information through the Canada Survey on Giving, Volunteering and Participation and the Satellite Accounts.
- 3. Enhance tax policies that stimulate giving**
It is recommended that the Federal Charitable Tax Credit be adjusted to a single rate of 29% for all charitable donations to the maximum allowable income level.
- 4. Explore alternative methods for debt financing for charities and nonprofits**
It is recommended that the Government establish a new Blue Ribbon Panel to explore innovative financial mechanisms to support the charitable/nonprofit sector that go beyond the current tax measures to encourage increased donations.

About the Calgary Chamber of Voluntary Organizations

The Calgary Chamber of Voluntary Organizations (CCVO) is a registered charity working to strengthen Calgary's diverse nonprofit/voluntary sector and provide leadership on policy matters affecting the sector as a whole.

We are supported by more than 330 diverse members ranging from small grassroots groups to large umbrella organizations in areas such as social services, arts and culture, education and research, development and housing, faith and religion, sports and recreation, philanthropy, and environment. Together, we undertake research, provide information and professional development, and promote an understanding of the sector.

Introduction

The Calgary Chamber of Voluntary Organizations (CCVO) submits the following comments in response to questions one and three as set out in the Pre-Budget Consultation guidelines.

Canada is blessed with a large and vibrant sector of charities and nonprofit organizations that respond to the needs of Canadian communities in myriad ways. More than 160,000 organizations contribute to our communities in the areas such as health, education, sports and recreation, environment, arts and culture, and services for individuals including seniors, children and immigrants.

The cumulative impact of these organizations in building and maintaining healthy communities is generally underestimated and undervalued. Moreover, the economic impact of the sector has only recently been documented (through Statistics Canada's Satellite Account) as a more significant contributor to Canada's Gross Domestic Product than the manufacturing, agriculture or retail sectors.

To succeed economically, Canadian communities depend on a broad range of community services, such as skill development, housing, immigrant services and other supports that improve overall quality of life. In Alberta, for example, the provincial government is working with various economic sub-sectors on ten-year plans to address the significant labour market challenges. The strategies developed to date (by the energy, retail and manufacturing sub-sectors) all rely in part on community-based nonprofit organizations to meet their current and future labour force requirements.

It is often assumed the community-based organizations that fulfill such essential roles throughout Canada will always be there to support individuals and overall economic activity. Unfortunately, many organizations are struggling to perform their role and face significant barriers to maximizing their contribution.

It is time that the nonprofit sector's essential social and economic role be recognized and supported by a comprehensive government strategy aimed at strengthening this sector.

Over the past years, the Government of Canada has introduced a number of tax measures aimed at encouraging donations to charities. In 2006, gifts of stock to public charities were exempted from capital gains taxation and these measures were extended to private charitable foundations in 2007. These measures have resulted in more private funding flowing to Canadian charities and are expected to encourage the establishment of more private charitable foundations.

We thank the Government of Canada for introducing these tax measures to stimulate increased revenue sources for charities. These measures are important and have benefited many large institutions, such as universities and hospital foundations. Thousands of small and medium-sized organizations, however, have received little direct benefit.

Comparisons are often drawn between small community-based nonprofit organizations and small business. It has become increasingly apparent that both play a significant part in the economic and social health of the country, yet there is a large disparity in the way government supports the two groups.

In order to support the necessary, community-building work of nonprofits and charities across Canada, the Calgary Chamber of Voluntary Organizations submits the following recommendations for the upcoming federal budget.

Core Recommendation: Implement a National Charities Strategy

It is recommended that the Government of Canada adopt a National Charities Strategy to ensure that Canada's charities are able to meet the needs of their communities. Strategy components include reforms to the administration of grants and contributions, sustainable funding for the collection of mission-critical sector data, tax measures to encourage private donations, and an exploration of alternative methods for debt financing for nonprofits.

The National Charities Strategy would be a more comprehensive approach to strengthening the nonprofit/voluntary sector for the benefit of all Canadians through the complementary use of tax and other public policy measures. There are precedents for this approach; the recent announcement by Prime Minister Harper of a Science and Technology Strategy is one example.

Such a strategy would recognize the priority given by Canadians to the work of charities and nonprofit organizations in their communities as reflected in their level of financial and personal volunteer support. More than 22 million Canadians donate to charities and close to 12 million Canadians volunteer 2 billion hours of time to community-based organizations.

Priorities for the National Charities Strategy should include the elements described below.

Consultation Question 1: What criteria do you believe should guide federal decisions about the changes that should be made to taxes, fees and other charges, and about whether they should be broadly based or targeted to a specific group of residents or business sectors?

1. Recommendation: Continue priority on reforming the administration of Grants and Contributions

It is recommended that the Government sustain its commitment to the implementation of the recommendations of the Blue Ribbon Panel on Grants and Contributions to reduce the excessive administrative burden that undermines the effectiveness and efficiency of charities and nonprofit organizations.

The Government's Blue Ribbon Panel on Grants and Contributions found that the administration of federal Grants and Contributions programs imposed significant administrative burdens on the organizations that partner with government through these programs, taking scarce resources away from delivering community-based services.

We applaud the Government for proceeding to implement the recommendations of the Blue Ribbon Panel and urge sustained commitment to ensure the major changes required. These changes within government will enable charities and nonprofit organizations to operate more efficiently, making the best use of government investments as well and donor contributions.

2. **Recommendation: Maintain collection of essential data**

It is recommended that the Government ensure long-term funding to support the ongoing collection and dissemination of mission critical information through the Canada Survey on Giving, Volunteering and Participation and the Satellite Accounts.

The Government of Canada through Statistics Canada collects data that provides essential information for the operation of government and businesses. The Canadian Survey on Giving, Volunteering and Participation (CSGVP) and related Satellite Accounts, compiled by Statistics Canada, are among the few sources of data on the nonprofit/voluntary sector. This data provides a consistent, national information base which is essential to understanding this sector. It is the only reliable source of information about Canadians' commitments of time and money to charities and nonprofit organizations. This information is used extensively by individual organizations, and is a valuable source of information for governments and organizations working to strengthen the capacity of charities and nonprofits to serve their communities.

Consultation Question 3: Given that Canadians contribute to the nation as employees, corporate shareholders, volunteers and community residents, what is the appropriate form and level of personal taxes?

3. **Recommendation: Enhance tax policies that stimulate giving**

It is recommended that the Federal Charitable Tax Credit be adjusted to a single rate of 29% for all charitable donations to the maximum allowable income level.

The tax measures introduced in 2006 and 2007 were a very positive response by the Government of Canada. The current tax credits for charitable donations provide a federal credit of 16% for the first \$200 of donations and a 29% credit for donations exceeding the \$200 threshold.

Moving to a single-tier tax credit would encourage and more fairly recognize the donations of Canadians who are only able to make smaller contributions. It would provide a greater incentive for new donors to contribute to charities.

4. **Recommendation: Explore alternative methods for debt financing for charities and nonprofits**

It is recommended that the Government establish a new Blue Ribbon Panel to explore innovative financial mechanisms to support the charitable/nonprofit sector that go beyond the current tax measures to encourage increased donations.

Current tax measures focus on encouraging more donations to charities. This is a very positive measure; however many organizations require access to debt financing, especially those involved in social enterprise or entrepreneurial nonprofits. These organizations often find limited sources of financing to meet their needs.

There are examples in other jurisdictions of approaches adopted by governments to encourage investors and corporations to invest in community development or the provision of debt financing for social enterprises or nonprofits that engage in entrepreneurial activities to support their mission.