

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Hallmont Foundation - GIV3

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

We recommend the Government of Canada provide funding of \$23 million over a period of 5 years to support the unique "GIV3" initiative to encourage more Canadians to be more charitable (www.GIV3.ca). This investment will have a significant impact (ROI). As we reverse the long-term decline in charitable behaviour in Canada (incidence of tax returns claiming a charity donation tax credit), and return giving to levels experienced just a few years ago, this will generate approximately \$2 Billion incremental, annually for the non-profit sector. A stronger non-profit sector will contribute to Canada's economic recovery and growth in two significant ways: as an employer, and as a provider of vital services. The non-profit sector represents \$100+ billion in overall contribution to GDP, amounting to 7% of the economy. The sector plays a vital role in our economy, in addition to providing services to people and to strengthening communities. An investment in strengthening the non-profit sector is an investment in Canada's economic future. To strengthen the non-profit sector, we propose that the government support the GIV3 initiative, encouraging more Canadians to be more charitable (similar to ParticipACTION, but promoting charity rather than active lifestyle). A rising tide floats all ships, so encouraging more charitable behaviour will benefit all non-profits. This will be a direct boost to this important 7% of our GDP. Furthermore, the more Canadians increase their charitable behaviour, the more all levels of government can exercise fiscal restraint. More charitable giving relieves the pressure on government to support such services. As stated in the 2010 speech from the throne: "The best solutions to the diverse challenges confronting Canada's communities are often found locally. Every day, the power of innovation is seen at work in communities across this country, as citizens, businesses and charitable groups join forces to tackle local problems... Government will take steps to support communities in their efforts to tackle local challenges. It will look to innovative charities and forward-thinking private-sector companies to partner on new approaches to many social challenges." GIV3 represents the perfect opportunity to fulfill this intention to support the charitable sector.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

The financial support of a national public program such as "GIV3", to encourage more Canadians to be more charitable, would provide for employment opportunities in two ways: (1) A stronger non-profit sector means more employment within the sector and within the overall community. (2) The more the Federal Government is relieved of the need to finance the many non-profit services the more it can focus resources on job creation initiatives.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Canada benefits from and needs a strong non-profit sector. The sector needs to be seen as offering promising career paths, job security, and interesting rewarding personal experiences. To make the sector attractive to youth, we need to reverse the declining charitable behaviour we have been observing in CRA Tax Returns over the past twenty years. We need to have Canadians believe in, support, and want to participate in this sector. The launch of a national public program such as "GIV3" would offer more funds for charities to engage aging and youth workers in both paid and voluntary positions. Strength in the sector will inevitably encourage more individuals to make this their career or retirement occupation of choice. This will add to Canada's attractiveness as a destination for skilled immigrants, who will see our country as a progressive and welcoming community, contributing to a stronger Canada.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

In order to focus on the productivity challenge, the government needs to continue to devolve responsibility for social services out of the center and into the local governments and communities. The launch of a national public program in support of greater charitable giving facilitates the government's ability to do so. We need to encourage Canadians to take a more active role in charities, non-profits and social enterprises rather than promoting the attitude that this is the responsibility of government. In turn, the government can focus more on stimulating greater economic growth, productivity, innovation, and research.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

The Canadian charitable sector is now facing its biggest challenges ever. The incidence of donations has been declining for 20 years*, while the need has been increasing. Concurrently, all levels of government are facing (increasing) fiscal restraints. As a solution, the government should consider all possible measures to encourage more charitable giving by Canadian individuals. It is achievable for the Canadian citizenship to contribute \$1-2 billion more annually to the non-profit sector. The federal government may adopt the upcoming recommendations of the House of Commons Standing Committee on Finance (study of tax incentives for charitable donations), however, the solution requires more than just tweaking tax credits. In addition to the current measures being considered, we recommend that the government enter into a partnership with GIV3 to support a new, innovative solution; a national public program to engage the Canadian public, at many levels, to raise awareness and to create a movement to improve Canadian giving habits. The GIV3 mission is to encourage more Canadians to be more charitable. Because there are many reasons for the slow, continuous decline in charitable behaviour in Canada, the solution requires a multi-faceted approach, with several different targets and programs. The GIV3 program will maximize Canadians' engagement in the charitable sector through partnerships with government, corporations, non-profit organizations, and volunteers/citizens. One organization (GIV3) is required to coordinate the campaign. This simplifies legal issues, versus a consortium of many current sector organizations, by avoiding intellectual property issues, partnership agreements, conflict

resolutions issues, and worry about the different organizations' missions, objectives, and budget issues. We recommend that the Government of Canada partner with GIV3, providing funding of \$23 million over a period of 5 years. This partnership is a logical and effective way to fulfill the government's intention to "take steps to support communities in their efforts to tackle local challenges", and "look to innovative charities and forward-thinking private-sector companies to partner on new approaches to many social challenges". * The incidence of tax filers claiming a donation receipt has declined from 30% in 1990 to 23% in 2010.