



Federal Election 2008

May 8, 2008

The Right Honourable Stephen Harper, Prime Minister of Canada
Stéphane Dion, Leader, Liberal Party of Canada
Gilles Duceppe, Leader, Bloc Québécois
Jack Layton, Leader, New Democratic Party of Canada
Elizabeth May, Leader, Green Party of Canada

Dear Party Leaders,

Imagine life without children's help lines, the Canadian Cancer Society, amateur sport, the John Howard Society, community arts, homeless shelters, Heart and Stroke, the CNIB, YW/YMCA or meals-on-wheels.

Imagine Canada has taken the initiative to bring together leaders in Canada charities and community nonprofit organizations, business and politics to ensure that Canada's charitable and nonprofit sector remains strong and vibrant and a hallmark of our democracy. A Task Force set up earlier this year has prepared three succinct position papers which bring forward the concerns and expectations of Canada's nonprofit and charitable sector to the leadership of our political parties as they prepare for the next election. These concerns and recommendations are organized around three broad themes:

- * *Tax Incentives to Stimulate Giving,*
- * *Financing the work of Canada's Charities and Nonprofits, and*
- * *Advocating the needs of Canadians in their Communities.*

The recommendations in these position papers are broadly supported by leaders in Canada's charities and nonprofit community organizations -- from large to small and from east to west -- many of whom have added their names as formal signatories to this letter.

Volunteers gathered by Imagine Canada will also be meeting with members of your Party in the near future to discuss opportunities for advancing these recommendations in your Party's election platform. I will also be contacting your office over the coming week with a view to discussing the adoption of these recommendations within your Party.

Yours very truly,

'Original signed by'

Don McCreesh
Volunteer Chair, Imagine Canada



We, the undersigned, formally support the attached recommendations of Canada's charities and community nonprofit organizations for Federal Election 2008/09:

- Janet Austin, CEO, YWCA Vancouver, Vancouver
- Dina Bell-Laroche, President, Full Circle Communications, Ottawa
- Ian Bird, Senior Leader, Sport Matters, Ottawa
- Joan Blight, Senior Consultant, Strategic Philanthropy, Manitoba
- Ken Boessenkool, Senior Vice President, Hill and Knowlton, Calgary
- Tim Brodhead, President and CEO, The J.W. McConnell Family Foundation, Montreal
- Marcel Côté, SECOR, Montréal
- Melanie Crombie, Executive Director, BC Paraplegic Association, Vancouver
- Ron Dumouchelle, President & CEO, of the VGH & UBC Hospital Foundation, Vancouver
- Gordon Floyd, Executive Director & CEO, Children's Mental Health Ontario, Toronto
- Deirdre Freiheit, Executive Director, Health Charities Coalition of Canada, Ottawa
- Ted Garrard, Vice President (External), University of Western Ontario, London
- Amanda Gellman, Vice President, University Advancement, University of Windsor, Windsor
- Lydia Giles, Administrative Director, Manitoba Arts Network, Manitoba
- Al Hatton, President, United Way Canada - Centraide Canada, Ottawa
- Punch Jackson, Wild Rose Foundation (former), Edmonton
- Colleen Kelly, Executive Director, Volunteer Vancouver, Vancouver
- Ruby Lam, Board Member, Imagine Canada, Toronto
- Marcel Lauzière, President of the Canadian Council on Social Development, Ottawa
- Susan Lewis, CEO, United Way Winnipeg, Winnipeg
- Ruth MacKenzie, CEO, Volunteer Canada, Ottawa
- Barbara McInnes, President & CEO, Community Foundation of Ottawa, Ottawa
- Lynn Moran, Executive Director, Affiliation of Multicultural Societies and Service Agencies of BC
- Geoff Norquay, Earnscliffe Strategy Group
- Sean Moore, Sean Moore Consulting, Ottawa
- Monica Patten, President and CEO, Community Foundations of Canada, Ottawa
- Hilary Pearson, Director, Imagine Canada, Montréal
- Alain Pineau, National Director, Canadian Conference of the Arts, Ottawa
- Tammy Pitkeathly, Director-North Thompson Communities Foundation, Clearwater
- Vanessa Reid, Director Imagine Canada, Montréal
- Lise Routhier-Boudreau, President, Fédération des communautés francophones et acadienne du Canada
- Dr. Raffath Sayeed, Imagine Canada, Alberta
- Georgina Steinsky-Schwartz, CEO, Imagine Canada
- Michael Weil, CEO, YMCA Canada, Montréal
- Faye Wightman, CEO, Vancouver Foundation, Vancouver
- R. H. (Dick) Wilson, Retired, (Volunteer with five organizations), Calgary
- James W. Wright, General Director, Vancouver Opera, Vancouver
- Wenda Yenson, Partner, Dickson MacGregor Appell LLP, Toronto



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Canada's Charities and Nonprofits: What we do for our Communities.

Imagine life without children's help lines, the Canadian Cancer Society, amateur sport, the John Howard Society, homeless shelters, Heart and Stroke, the CNIB, YW/YMCA or meals-on-wheels.

Canada's charities and nonprofits draw upon dedicated workers and volunteers to ensure that our citizens and communities get the programs and services that they need. It would be hard to find a Canadian whose life has not been touched by this critical sector.

Canada's 161,000 charities and nonprofits weave a rich tapestry of community-based organizations, created by Canadians to address the needs and issues that they care about most.

We run homeless shelters and food banks, deliver meals on wheels, coach hockey, build bike paths, clean rivers, operate theatres, mark trails, staff hot-lines, welcome newcomers, and run election campaigns. We teach our official languages to new Canadians, carry out international development work and promote Canada's arts and culture domestically and abroad.

Together, we comprise Canada's "community infrastructure" -- \$112B/ year in annual revenues, 22.2 million donors, 11.8 million volunteers, 2 billion hours of volunteer time, 2 million full-time equivalent workers and 161,000 incorporated charitable and nonprofit organizations, providing facilities and services to assist



Canadians in their communities. Including volunteer hours, we contribute 8.6% to Canada's GDP - that's seven times larger than the motor vehicle manufacturing industry, and more than three times larger than each of the agriculture, accommodation, and food services industries.

Tax Incentives to stimulate Giving

Charitable Giving At a Glance

- Canada Revenue Agency (CRA) reports that there are 83,500 registered charitable corporations in Canada. In addition, there are 80,000 federal and provincial not-for-profit corporations. In sum, there are over 160,000 charities and nonprofit in Canada.
- Total annual revenues of Canada's charities and nonprofits for 2003 were \$112 billion-- more than each of the mining, oil and gas, and automotive manufacturing sectors.
- Statistics Canada reports that, in 2006, 25% of individual Canadians filing tax returns claimed a charitable donation and that these claims totalled \$8.5 billion.
- Corporate Canada also contributed to Canada's charities, but at a much lesser rate. In 2003, 3% of corporations claimed charitable donations, for a total of \$1 billion.

Recommendation

Implement a National Charities Strategy

Changing demographics and shifts in public spending are placing increased demands on charities to meet the needs of Canadians in their community. A rapidly aging population is giving rise to unprecedented levels of demand for charitable programs and services. Public healthcare budgets will increasingly come under strain. At the same time, there are indicators that current levels of charitable giving may be at risk. Will corporate Canada continue to "invest" in our communities at previous levels? Will baby boomers be as generous as their parents' generation? What will be the impact of rapidly declining rates of religious participation, which has been a principal determinant of whether and how much people give?



There is no doubt that tax measures have an important stimulative effect on giving. A recent Imagine Canada study of 245 charities found that the number of donations of securities doubled, and the total value of donated securities more than doubled, as a result of tax measures removing capital gains tax on donations of securities to charities in Budgets 2006 and 2007. These measures generated enormous goodwill and new sources of funding for Canada's charities.

Canada's charities and nonprofits were pleased to see the recommendations of the Standing Committee on Finance in its Pre-Budget Report filed in the House of Commons in February 2008, citing over a dozen possible measures for stimulating charitable giving.

A National Charities Strategy would assess rising needs at a time of generational change and rapidly shifting values. Canadians would benefit from a study of the tax policies in use in other democratic countries that would be most likely to stimulate our own rates of giving. What are the data tools we need to make informed choices? Which of the Standing Committee's measures are most likely to lead to success? How can Canadians invest their discretionary charitable dollars in a strong "community infrastructure" that complements their investments through tax dollars in our publicly-funded programs, services and personnel?

The introduction in May 2007 of *The National Science and Technology Strategy* is an example of the type of multi-prong federal strategy that incorporates tax measures and other public policy instruments to strengthen an important economic sector for the advantage of Canadians. A National Charities Strategy would provide similar advantages for Canadians at a critical juncture. The positive role of our national government in stimulating private investment in a strong charitable sector cannot be underestimated, as demonstrated by recent Budget successes. We are asking the federal government to launch a National Charities Strategy for Canada.

Financing the work of Canada's Charities and Nonprofits

Financing Charities and Nonprofits at a Glance

- Total revenues of Canada's charities and nonprofits are \$112B/ year.
- As in most developed countries, about half (51%) comes from private and half (49%) from public funding.
- Many of the programs and services of charities and nonprofits are within federal jurisdiction--from immigrant settlement to international development, criminal justice, labour force adjustment, culture, heritage, the environment, health policy and aboriginal affairs.
- Canada's charities and nonprofits and the communities they serve are questioning whether the federal government is devolving jurisdiction over many of these federal program areas to Provinces and municipalities.

Recommendations

Streamline the administration of Grants and Contribution Agreements

In February 2007, the Blue Ribbon Panel on Grants and Contributions echoed the Auditor General's call for meaningful and immediate reform. Over a year has lapsed and the lack of any progress of benefit to recipient organizations continues to have a negative impact on the delivery of federally-supported programs and services for Canadians. Consistency across federal programs and departments; proportionality between the amount of auditing and the amount of funding; and auditing for results as well as for spending, are of particular concern to funding recipients.



Provide for realistic administrative costs of charitable and nonprofit organizations under funding programs and service delivery agreements.

Charitable and nonprofit organizations have operating costs that are less than those of the Government of Canada and represent good value for taxpayers. However, the gap between what government pays to deliver services directly and what it pays to charities and nonprofits to deliver such programs and services is widely at odds with the actual costs. Auditing, insurance, facilities, contract management, translation and other costs are required under federal funding but often not adequately provided for. The federal government should provide for the actual costs of delivering its programs and services through charities and nonprofits.

Enable new financing arrangements for charities and nonprofits

Charitable donations and government grants and contributions are a vital component of the financing that sustains the work of charities and other public benefit organizations. The nonprofit sector is growing faster than the economy as a whole. With this growth, charities and nonprofits are exploring new models for delivery programs and achieving community mandates that leverage existing sources of revenue. Some are also seeking access to innovative new forms of funding. The UK and US have introduced new models for facilitating the application of mainstream capital to public benefit organizations. In Canada, such measures should include:

- *tax incentives* to stimulate the creation of new investment vehicles to fund public benefit organizations using innovative ways to respond to community needs,
- *regulatory changes* to enable foundations to use endowment capital for mission-based investments, and
- *programs* to increase the level of investment by the corporate sector in Corporate Social Responsibility objectives.

Advocating for the needs of Canadians in their Communities

Advocacy and Infrastructure at a Glance

- Recent regulatory and funding constraints have created a chill on the public policy dialogue between the government that Canadians elect and the organizations that they establish and fund to interface with their government.
- The federal government has significantly restricted the ability of sector organizations to play a role in public policy by terminating a number of advisory mechanisms and cutting funding for advocacy activities and infrastructure organizations.
- From heightened demands under a new *Lobbying Act*, to new constraints under federal funding instruments, and the *de facto* dismantling of the *Accord and Code of Good Practice on Policy Dialogue*, Canadians are finding that their ability to look to their national organizations to advance the issues they care about has been unduly constrained.

Recommendation

Ensure that the new emphasis on accountability does not unduly mute the organizations that articulate the views of Canadians and are a hallmark of a vibrant effective democracy.

Canada's political parties need to ensure that the unintended consequences of the new emphasis on accountability are not to undermine and mute the vibrant mix of organizations that convene and bring forward the views of Canadians. These organizations are the hallmark of a vibrant and effective democracy--health charities, carrying out medical research and advancing findings to health policy-makers; environmental NGOs, complementing the work and views of departmental staff; international development organizations, bringing back findings from the field; and economic and social policy think tanks, providing data and perspectives on issues of



concern to Canadians. Canadians donate 2 billion hours of volunteer time and \$9B from their back pockets to these and similar organizations each year. Is our government listening?

Embrace the national infrastructure organizations that enable the work of Canada's charities and nonprofits

National infrastructure organizations play an important role in ensuring that charities and nonprofits can supplement the work of governments and address needs of citizens that might not otherwise be met. Canada's charities and nonprofits are overwhelmingly small organizations that benefit from services and information made available to them through national infrastructure organizations. For example, *Imagine Canada* administers the *Ethical Fundraising Program* and the *Insurance and Liability Resource Centre* and advances public policies that assist Canada's charities and nonprofits to survive and thrive; *Volunteer Canada* develops policies and best practices that promote and enhance the contributions of 11.8 million Canadians who give 2 billion hours of volunteer time each year, including the *Canadian Code for Volunteer Involvement* and low-cost liability insurance programs. High-profile budget cuts in September 2006 and subsequent funding decisions have been particularly hard on these national infrastructure organizations. We are seeking a mix of public and private funding, consistent with practices in Canada until recently and in other developed jurisdictions around the world, to enable key national organizations to provide mission-critical services, information and resources to Canada's charities and nonprofits.