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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1530)

[English]

The Vice-Chair (Ms. Peggy Nash (Parkdale—High Park, NDP)): Thanks, everyone. I'd like to call the Standing Committee on Finance to order for meeting number 56. Pursuant to Standing Order 108(2), we are continuing our study on tax incentives for charitable donations.

We have a number of witnesses this afternoon. We have Andrew McManus, chair of the Association of Fundraising Professionals; Owen Charters, president and chief executive officer of Canada-Helps; Dennis Howlett, the coordinator of Canadians for Tax Fairness; Jim Patrick, senior vice-president, Canadian Wireless Telecommunications Association, for Mobile Giving Foundation Canada; and we have Ruth MacKenzie, president and chief executive officer of Volunteer Canada.

Ms. McManus, we'll start with you. You have five minutes.

Ms. Andrea McManus (Chair, Association of Fundraising Professionals): Good afternoon, and thank you for giving the Association of Fundraising Professionals the opportunity to testify before you today on an extremely important topic of tax incentives for charitable donations.

I am the chair of the association's board of directors. I'm also a fundraiser and have my own personal experience with raising charitable dollars for philanthropic missions and with working with donors and philanthropists across the country.

AFP is a professional association representing individuals responsible for generating philanthropic revenues for charitable and public service organizations. We are the largest association of fund-raising professionals in the world, and we represent more than 30,000 practitioners worldwide, including more than 3,400 in Canada in 16 chapters across the country in every province.

Fundraising is an integral part of the charitable sector. It serves as the gateway that drives philanthropy. It develops and maintains relationships with donors and philanthropists who provide funding for education, social services, health care, medical research, and many other altruistic but extremely necessary functions in a civil society.

Fundraising complements government supports for charities and ensures the survival of the charitable sector when governments lack the budgetary means to help.

Through AFP we foster development and growth of fundraising professionals through training and education, and we promote high

ethical standards in our profession. The charitable sector in Canada represents a major source of jobs and economic stimulus, with more than 85,000 registered charities, over 1.2 million paid staff, 6.5 million volunteers, and more than \$190 billion in annual revenue. In addition, the sector holds a large amount in net assets.

The economy has taken its toll on the sector. Statistics Canada mentioned that Canadians donated \$7.8 billion to charity in 2009, down from the previous year of \$8.19 billion. We were very pleased to see that giving levels rose again to \$10.6 billion in 2010. However, many charitable organizations are still reeling from the downturn and this was compounded by the fact that Canadians and communities were relying on their philanthropic services even more than before.

There is a need for new incentives to spur additional charitable giving, and we offer the committee two recommendations for consideration. The first is to increase the flow of charitable funds in the wake of the recession and encourage Canadians to enhance their individual and personal charitable giving by establishing a stretch charitable tax credit. The second is to extend the exemption from capital gains tax to charitable gifts of private company shares, land, and real estate.

These recommendations are both contained in the brief that we submitted to the committee in January. AFP supports Imagine Canada's stretch tax credit proposal, which would apply to donated amounts above \$200 that exceed a donor's previous highest giving level. This new measure would be based on an individual taxpayer's best previous year of giving and would provide a stretch tax credit of 39% on these new donations, which is 10 percentage points higher than the current level of tax credit on donations over \$200.

Canadians would need to increase their levels of giving over their previous year's baselines to continue benefiting from the stretch tax credit in subsequent years. The maximum benefit would be \$980 if it was used all in one year—for example, a one-year increase from \$200 in charitable giving to \$10,000 in giving. It is highly likely, however, that for many the increased benefit would be incrementally achieved over several years.

The stretch tax credit would benefit all charities across Canada and should over time broaden the base, while increasing the giving levels of Canadians. This is particularly important to small and medium-sized charities that find it more challenging to raise philanthropic dollars.

The government should also consider eliminating the capital gains tax on gifts to charities of private company shares and appreciated land and real estate. Peter Braid's private member's motion M-559 launched this study on tax incentives for charitable donations and included this key proposal, which is supported by Canadians such as Don Johnson and other representatives of the charitable sector.

In 2006 the government removed the capital gains tax on donations of marketable securities to most charities, making them more attractive to potential donors. In the subsequent year we saw a doubling of the number of gifts of securities to charities. Moreover, the total value of those gifts more than doubled.

We encourage the government to turn its attention to private company shares, land, and real estate. Gifts of both of these appreciated capital assets are exempt from capital gain taxes in the United States, and Canadian charities and donors should have the same opportunity to access and give donations from the private sector.

At the C.D. Howe Institute's March 2011 conference on strengthening charity finance in Canada, one of the presenters estimated that eliminating the capital gains tax on gifts of land, real estate, and private company shares would result in an annual increase in charitable giving of \$170 million to \$225 million, and that the tax revenue cost to the government would be only \$50 million to \$65 million.

There is lots of potential and interest from Canadian donors regarding land and real estate. The 2005 survey of financial security points out that the single most important asset for Canadians was their main residence, which accounted for one-third of the \$5.6 trillion in total assets surveyed.

From 1999 to 2005, a significant change in the composition of assets consisted of growth investments in real estate such as cottages, timeshares, rentals, and other commercial properties. Charitable organizations need the support of government to better serve Canadians. We work side by side with government to deliver much-needed services. Most important, a healthy charitable sector can help drive our economy.

We believe that these two recommended policy changes will assist in lowering the tax burdens on Canadians while strengthening the capacity of the charitable sector to provide critically needed programs and services.

Thank you for giving me the opportunity to testify.

• (1535)

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

Mr. Charters, you're next.

Mr. Owen Charters (President and Chief Executive Officer, CanadaHelps): Thank you, ladies and gentlemen, Madam Vice-Chair, and honourable members of the House of Commons Standing Committee on Finance and parliamentarians for the invitation and opportunity to present and discuss with you our views on charitable giving and incentives for encouraging Canadians to donate to important causes.

My name is Owen Charters. I am the president and CEO of CanadaHelps. CanadaHelps is Canada's online charitable foundation. Since our founding in 2000, we've facilitated more than \$250 million in giving to charities across the country. At CanadaHelps.org, donors can find and give to any Canadian charity from big to small. Our donors are from every corner of Canada and from all walks of life.

CanadaHelps was founded by three university students, students who saw an opportunity to use the Internet as a medium to help engage Canadians in giving, and especially as an attractive medium to engage younger Canadians in giving. Twelve years after they started, we now transact almost \$70 million in giving annually to tens of thousands of charities. Our donors are average donors with an average transaction value of just over \$150.

We're here today because we're concerned. We're concerned that fewer Canadians of average and modest means are giving year over year and because we see small and medium-size organizations increasingly struggling to find funds to do their good work.

While we know that the total amount of aggregate giving has been on a slight upward trend, tax data also shows that fewer donors are giving year over year. Currently, the tax regime favours larger gifts, such as gifts of securities and the mega-gifts that usually go to large institutions.

This support is crucial, but equally important are the many organizations that depend on community-based philanthropy, the gifts that come from involved, engaged citizens who offer modest contributions.

I've been privileged in my work to see firsthand the work of small, local charities across this country. Of the tens of thousands of charities that use CanadaHelps, I've been able to visit several, such as the World Fisheries Trust in Victoria, B.C., which provides hands-on lessons to school children about local marine life and the impact of urban living on polluting a fragile aquatic environment. I was able to witness how children with behavioural disorders were immediately calmed, focused, and stimulated by the simple hands-on experiences provided by the World Fisheries Trust.

Or there's the story of Hope's Home in Regina, Saskatchewan, where a neonatal critical care nurse realized that day care facilities did not exist for infants and pre-schoolers with serious disabilities and that thus parents were not able to return to work to provide an income for their dependent family, as might be expected. Through community fundraisers, she has put together an incredible, loving space for these children and their siblings, allowing parents to enter the workforce again. Her model is now a template for others across Canada and the globe.

Each of these organizations and thousands more depend on small, modest contributions raised from local citizens in their community. These organizations struggle to pay the bills and make payroll, and often I witnessed the toll that the passion and dedication of founders, employees, and volunteers can take on their own paycheques, their health, and their relationships.

So I'm here today because we are concerned, but I'm also here because we see an opportunity in a proposal put forward by Imagine Canada, the stretch tax credit.

Under the stretch tax credit, Canadians would receive, as you've heard, an additional 10% tax credit for each dollar of their charitable donations that exceeded their previous highest giving level.

We believe this incentive would work. In 2010, the economics department at McMaster University undertook a survey of more than 250,000 of CanadaHelps donors. Significantly, 42% said they would definitely increase their giving if there were an increase in the tax credit, and another 23% said they were likely to increase their giving in response to an increase in the tax credit.

We know that donors are motivated by tax incentives. Our donation servers handle 6% of all of our annual traffic in one single day, December 31 each year, the last possible day to make a donation for the tax year.

We also know that donors have choices. Marketing research we received recently indicates that donors see substitutes for giving: paying a premium for local or organic produce, or the purchase of cause-marketing products. These may be worthy ways to support community, but they also displace donor dollars. Charities, as a result, continue to struggle.

There is also the potential benefit of new sources of earned revenue and the possibility of social finance tools for the non-profit and charitable sector, but these will be accessible at the start to only a few organizations, and significant revenue from these models is uncertain and likely many years away.

Finally, donors are struggling in the shadows of mega-gifts. They are seeking meaning in their giving in the midst of ever-larger campaigns and major donations. Canadians need to be reminded that their gifts are important, are valued, and that there are many small and mid-sized organizations worthy of their support.

Charities continue to struggle to provide key services and programs every day across Canada. They respond to local needs and need donor support.

The stretch tax credit is an incentive that motivates new behaviours and increased giving. These tax incentives for average Canadian donors will provide essential benefits to maintain the capacity of the charitable sector. A stretch tax credit will encourage Canadians to start, to grow, and to continue to support the organizations and communities they care the most about.

Thank you for the opportunity to appear today.

• (1540)

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Charters.

Mr. Howlett, you have five minutes.

Mr. Dennis Howlett (Coordinator, Canadians for Tax Fairness): Thank you for the opportunity to appear before this committee.

I am representing Canadians for Tax Fairness. We're a new organization that is just one year old. We have begun a campaign for fair taxation. We support a tax system, based on the ability to pay, that will fund the comprehensive, high-quality public services and programs that are required to meet our social, economic, and environmental needs in the current century.

We submitted a brief back in January. We have three main recommendations. We have a different point of view from some of the others on this panel. We are concerned about increasing the incentives for charitable donations. We would advise caution, partly because of the tax revenue that would be lost. But our primary concern is that we not skew the tax credit system even more in favour of the rich, because we know that the rich have different priorities than the poor. The way the tax system operates, it treats donations by the rich more generously in terms of incentives than donations by those who give under \$200.

The third point we would make is that we need to reverse the erosion of progressivity in the tax system by restoring the federal corporate income tax rate of 21%, which was in place in 2007, and increasing tax rates on top incomes. This would help to ensure that all sectors of society, including corporations and the rich, contribute to the common good according to their ability to pay, and not just leave it up to their whims or whether they have a generous heart or not and whether they choose to give or not.

There are a few additional points of clarification that I would like to make in addition to what was included in the brief. I want to stress that we are not criticizing charities. I have worked for charities in past years. Certainly, I know the value of charities to society. They play a very valuable but complementary role in relation to the government's role of providing public services and programs. They can be a way to develop innovative programs. They can be more responsive to community needs. But they cannot really replace government programs. We would warn the government that you cannot expect charities to fill the gaps that will be created by drastic government budget cuts in the area of the delivery of social programs.

Finally, I would like to comment on one of the most important roles that charities can play, which is to provide policy input based on their experience of providing front-line services, and their ability to speak on behalf of marginalized groups. A CRA policy statement on the political activities of registered charities, which was issued in 2003, and which is still the official policy—it's on the website—recognizes this when it says:

Beyond service delivery, their expertise is also a vital source of information for governments to help guide policy decisions. It is therefore essential that charities continue to offer their direct knowledge of social issues to public policy debates.

Some of the measures in the recent federal budget, namely the \$8 million allocation for special audits by the CRA to see if charities are adhering to the 10% limit on advocacy, and additional restrictions in reporting rules, would seem to go against this recognition. Attacking charities that advocate on the environment, global or domestic poverty, or other issues, just because they may be critical of some government policies, is an attack on democracy.

• (1545)

To conclude—

The Vice-Chair (Ms. Peggy Nash): Mr. Howlett, yes, your time is up. Could you conclude?

Mr. Dennis Howlett: —we would not oppose changes to tax incentives to charities if these incentives do not cost too much or don't give greater benefit to high-income taxpayers. Therefore, the stretch proposal is not as problematic from our point of view... However, eliminating capital gains on private company shares, land, and real estate is something that we oppose strongly and would argue against.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Howlett.

Mr. Patrick, you're up next, for five minutes, please.

Mr. Jim Patrick (Senior Vice-President, Canadian Wireless Telecommunications Association, Mobile Giving Foundation Canada): Thank you. My name is Jim Patrick. I'm the senior vice-president of the Canadian Wireless Telecommunications Association, and I'm very pleased to be here this afternoon on behalf of the CWTA and, more specifically, our partner foundation, the Mobile Giving Foundation of Canada.

As you know, CWTA represents cellular, PCS, messaging, mobile radio, fixed wireless, and mobile satellite carriers, as well as companies that develop and produce products and services for the industry. We are the authority on wireless issues, developments, and trends in Canada.

Wireless market conditions in Canada are well served to support charitable activities today in a number of ways. We say that because wireless coverage in Canada reaches 99% of the population, and 98% of the population has 3G or faster coverage. There are more of the fastest wireless networks in Canada than in any other country. There are more wireless connections than wired connections in Canada. Indeed, 78% of Canadian households have at least one wireless phone, and 13% of households are now wireless only. We're projecting 100% wireless penetration, if not more, by 2014.

We employ over 260,000 people in Canada and generate a total economic contribution to the country in excess of \$41 billion.

Not surprisingly, given the strength of our networks, Canadians are among the world's fastest adopters of smartphones and tablets, which brings me to the potential of this innovative platform that we've developed to make a tremendous contribution to the charitable life of the country.

We're at the forefront of economic growth in Canada, at the forefront of technology, and also at the forefront of philanthropy. The

Mobile Giving Foundation Canada is a prime example of this. It's a registered charity and its purpose is to enable the wireless channel to process text message donations for the convenience of Canadian mobile users and to the benefit of registered charities. This is made possible through the collaborative efforts of the wireless industry, which has resulted in a donation option that is free to the consumer.

Here is how it works. Donations are pledged, usually in \$5 or \$10 amounts, through a text message that contains a key word to a short code number. The amount donated by text is then added to the customer's wireless statement, and there is no additional cost to the donor apart from their \$5 or \$10 donation. Donors can make text donations up to a total of \$30 per month per campaign or per phone number. All donations made through this text message channel are remitted to the Mobile Giving Foundation by the wireless providers at 100%. The funds are then remitted to the respective recipient charities at 100%.

Through this model, Canadians have the ability to contribute targeted micro donations to various charitable organizations over the course of the year and receive one single tax receipt through the Mobile Giving Foundation website. Donations are private, secure, convenient, and they're instantaneous.

Here are a few statistics on how popular a donation channel this has become in a very short time. Since 2010, the Mobile Giving Foundation has raised and transferred over \$1.3 million in text message donations to charities. A good example is that recently le Club des petits déjeuners du Québec raised \$21,800 in three weeks through \$5 donations from over 4,300 listeners.

More than 200 registered charities in Canada have now run a mobile giving campaign through the foundation, and more than 90,000 mobile phone users made a text message donation in 2011, generating more than 550 tax receipts that were issued to Canadians who made one or more donation, with most making multiple donations, in 2011. The average total receipt was \$30, meaning that they made between three and six donations over the course of the year.

In conclusion I would note that in keeping with the growth of this platform, in Toronto this afternoon is the first annual mobile giving forum. This is drawing together not-for-profit organizations, wireless carriers, corporate foundations, technology providers, and other stakeholders for discussions on how text-to-give campaigns can be more effectively utilized in the future.

We would be pleased to keep members of the committee and their colleagues abreast of any developments in this innovative use of wireless technology to facilitate charitable giving.

Again, I thank the committee and the chair for the opportunity to be here this afternoon and look forward to answering any questions you may have.

• (1550)

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Patrick.

Ms. MacKenzie, you have five minutes.

Ms. Ruth MacKenzie (President and Chief Executive Officer, Volunteer Canada): Thank you very much.

I'm very pleased to be here this afternoon to speak with you on the important topic of tax incentives for charitable giving in Canada.

Volunteer Canada is supportive of the efforts being made to encourage Canadians to contribute and actively engage in their communities, and recognizes that financial contributions are essential to the vitality of the charitable sector. For this reason, I want to state up front that we fully support Imagine Canada's stretch tax credit proposal and appreciate the perspective and expertise of our colleagues appearing before you today.

Volunteer Canada has been providing thought and practice leadership on volunteering and active citizenship for more than 30 years, in collaboration with 223 local and provincial volunteer centres and a broad network of national organizations. We promote volunteering and conduct research and create tools and provide training to help organizations effectively engage volunteers.

Our role is one of stewardship for volunteering as part of citizen engagement, and in that context I wish to speak to the link between volunteering and charitable giving.

Annually, 13.3 million Canadians contribute more than two billion hours through a range of volunteer activities, from mentoring to delivering essential services to leadership roles on boards of directors.

I don't have to tell you that volunteers played a big role in your being here today, in their tireless efforts on your election campaigns.

The social and economic value of these gifts of time have yet to be adequately measured. Even with a limited wage replacement approach, volunteer time contributes significantly to the GDP of Canada. Some 45% of volunteers, or almost seven million Canadians, report that when they volunteer they are engaging in fundraising activities. Volunteers are obviously crucial to an organization's ability to raise funds.

Also interesting is that 50% of the individuals who donate money are also volunteers, but 91% of the volunteers are also donors. This suggests that by enhancing volunteering you may also enhance your donor base.

Given the scope of our work and the diversity of organizations we work with, Volunteer Canada would also like to stress the value and importance of citizen engagement in the broader voluntary sector, half of which is made up of non-profit organizations that do not have

charitable status, and thus would not be supported by the tax incentives being considered here.

Broader public policy is needed to promote a wider spectrum of engagement through the non-profit and charitable sector. This could take shape through one or more of the following three recommendations: addressing the financial barriers to volunteering, such as the cost of police checks, or proactively supporting the direct costs associated with leveraging volunteer time and talent when funding programs with voluntary organizations; supporting the skills building and career development benefits of volunteering with employment services; or recognizing the benefits of volunteering in integrating newcomers to Canada.

That said, the parallel question to today's deliberations would be whether volunteers should receive tax credits for their volunteer time. To do so would naturally require that volunteering be valued and quantified. Volunteer Canada feels that the development of an adequately comprehensive policy would be fraught with both philosophical and practical challenges. While in some unique situations, such as with volunteer firefighters, a case can and has been made for such credits, I'm sure you'd also agree that the value of volunteers engaged in literacy work, for instance, is beyond the dollar value given for that time.

While the time volunteers contribute certainly has great value, how would we calculate how much their time is worth? Would there be a standard hourly rate for all volunteering? Would this apply only to charities? Again, this represent only half of the non-profit organizations in Canada. What kind of administrative burden would this place on organizations and would it detract from the time to directly deliver on their missions?

Certainly, not the least, is there evidence that this would increase volunteering? A study by one of our provincial partners, Volunteer Alberta, entitled *The Potential Impact of Canadian Federal and/or Provincial Tax Credit Incentives for Volunteer Participation*, suggests otherwise and raises some significant areas of potential risk in doing so.

While proponents of tax credits for volunteering certainly have the best intentions in their goal of acknowledging the important contribution of time, these questions and others need to be carefully considered.

At Volunteer Canada we consider volunteering as a vehicle for citizen engagement and social inclusion, and we encourage creative and innovative policy to support both giving and volunteering for the charitable sector and the broader non-profit sector in Canada.

Thank you very much for the opportunity to speak with you today.

• (1555)

The Vice-Chair (Ms. Peggy Nash): Thank you very much, Ms. MacKenzie.

We'll now begin our questioning.

Mr. Mai, you have five minutes.

[Translation]

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

My thanks to our witnesses for joining us today.

Ms. McManus, in your document, you say the following: "However, many charities are still reeling from the downturn. This was compounded by the fact that Canadians and communities were relying on their philanthropic services more than ever before."

In my constituency of Brossard—La Prairie, there is an organization that is called on more and more to help working families who now have to use food banks, even with both spouses working.

You say that charities are being asked for their services to an ever greater extent. What do you mean by that?

• (1600)

[English]

Ms. Andrea McManus: Thank you for the question.

I was actually referring to exactly what you've said. During the recession many people lost their jobs and their houses. The people who are the working poor, who live, work and operate their daily lives on a very fine line, fell over that line and had to turn to places like the food banks, the homeless shelters, and to many of those services they have never had to rely on before. So those organizations were really strapped, on the one hand, by an increased demand for service and, on the other hand, by a reduction in the amount of donations, the philanthropic revenue they had been getting, because their donors were also hurting.

It created a real crunch for organizations being able to deliver services, and that has continued.

Mr. Hoang Mai: As you probably know, in the pre-budget consultations for the last budget, the official opposition recommended that the stretch tax credit be put in place. Unfortunately, we have not seen it in this budget. Hopefully, the government will listen. I think all of you are in favour of it. We heard, even before the budget, Imagine Canada on it. It is something we that know is important but, unfortunately, nothing has happened on that front.

[Translation]

Mr. Howlett, you spoke a little about the political dimension. Could you give us your opinion on the political role of charitable organizations?

[English]

Mr. Dennis Howlett: Could you repeat that?

[Translation]

Mr. Hoang Mai: Let me ask the question in English.

[English]

Can you give us your opinion on the role of charitable organizations in terms of politics?

Mr. Dennis Howlett: As I said, it's one of the most valuable roles that charities can play. Unfortunately, a very small percentage actually do play this role or take it seriously. One report I read said it was 1%. It may be a little higher than that, but it's a very small number who do this.

It's their ability to see what's happening on the ground, their engagement in local communities right across the country, and their ability to represent the knowledge and experience of those least able to speak out, the least likely people the government is going to hear from. So it's precisely because of their experience and where they're placed that their advice is most valuable. That's why we think that anything that discourages or puts a fear into charitable organizations from doing this is counterproductive and ultimately will not serve the interests of democracy and good government.

Mr. Hoang Mai: Can you tell us about the approach the Government of Quebec has taken regarding tax incentives?

Mr. Dennis Howlett: Quebec doesn't differentiate between donations below and above \$200, and it gives a straight 20% credit regardless of the amount of the donation.

In our view, this would be preferable to the current system in the rest of Canada that only allocates 15% for donations under \$200. This effectively means that the government increases the amount it gives to those who are rich and able to give more, and goes against the interests of low-income donors. So it would be more fair to apply a 20% credit across the board. I haven't done any figures to find out what the net result would be, but I would expect that it would actually be helpful overall in increasing revenue for charities.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Howlett, and Mr. Mai.

Mr. Hoback, over to you for five minutes.

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

It's actually great to see you in the chair and back in committee. It's nice. I trust you'll be a little more lenient than our other chair and give us a few more seconds.

Voices: Oh, oh!

The Vice-Chair (Ms. Peggy Nash): Oh yes, you can count on it.

Mr. Randy Hoback: I think so.

I would like to thank all of the witnesses for coming here this afternoon and giving us the information they've passed on. It has been invaluable.

I'll start my questioning with you, Mr. Patrick, because you're doing some very creative things with the cellphone. I'm curious. How are you handling situations where an employer has an employee who is donating via a cellphone that's actually the employer's phone? How do you handle situations like that?

• (1605)

Mr. Jim Patrick: I haven't heard of that being a problem. I think that would be up to the employer to settle with the employee. I think most organizations set rules for the use of technology by their employees, and I haven't heard of this being an issue.

Mr. Randy Hoback: So that hasn't come up as an issue.

For example, I have a government phone. I could actually donate to the NDP party—

Voices: Oh, oh!

Mr. Randy Hoback:—and Mark would be upset if I did that

Mr. Jim Patrick: You raise an interesting and very timely point. Yesterday the Federal Election Commission in Washington received a petition to allow techs to donate platforms to serve as vehicles for political donations. It's not established that way in Canada. We'd have to do some work with Elections Canada, provincial agencies, and the Canada Revenue Agency before we could do that.

We have a standing recommendation generally that government technology be unlocked. We often find that regulators, whether at Industry Canada or the CRTC, are making decisions about use of technology that they can't themselves experience because their government cellphone has all the functionality turned off. So it's a related issue, but you're bang on.

Mr. Randy Hoback: That's interesting.

I know Mr. Mai talked about the stretch tax credit not being in the budget. It's kind of curious, because if it were in the budget the NDP would actually vote against it. Maybe that would get you to vote for the budget. I'm not sure what he was getting at there. We'll have to listen carefully next year to see what happens.

We are in a time of deficit reduction when we have to be very responsible with taxpayers' dollars. We have to figure out the most efficient and opportune ways to increase charitable donations. We can't do it all. That's just not an option, whether it's capital gains, the stretch tax credit, or something similar to that.

I guess I'd look to you guys. I'll let you go through the table, if that's all right, depending on the time the chair lets us have. If you were to give us one item for the committee to focus on, what would it be?

I'll start with Andrea and work my way down—no pressure.

Ms. Andrea McManus: I'm just glad you're not asking me to comment on whether the NDP would vote against the budget if—

Voices: Oh, oh!

A voice: So what do you think?

Ms. Andrea McManus: I'm not going to say.

But I would have to answer your questions with my personal opinion.

Mr. Randy Hoback: That's fair. You're here as a witness.

Ms. Andrea McManus: I would have to say capital gains, and gifts of private securities, land, and real estate.

Mr. Randy Hoback: They would have the most bang for the dollar.

Ms. Andrea McManus: Well, it's...

Counter me....

Voices: Oh, oh!

Mr. Owen Charters: I intend to.

We've been clear that it's the stretch tax credit. Also, when you talk about an era of deficit reduction we're looking for one measure, and I think that's the one. It's also because we're seeing the bulk of these service cuts, etc., ending up on the backs of charities. So they need the support to do this. I think it's actually an investment more than a cut.

Ms. Andrea McManus: Actually, he's made me change my mind.

Mr. Randy Hoback: Now you're a Liberal.

Some hon. members: Oh, oh!

Mr. Randy Hoback: I'm so sorry.

Ms. MacKenzie.

Ms. Ruth MacKenzie: It's not necessarily on the table today, but using tax policy to address the economic barriers to volunteering....

As far as the issue that's on the table today, I would agree with Mr. Charters. The stretch tax credit is the most effective method to increase the donor base and make room for individual, average Canadians to give or to give more to charities.

Mr. Randy Hoback: You raise a good point. Is the issue in Canada getting more volunteers to come forward? Should we be creating incentives to get more volunteers than having more dollars? Have you ever considered that?

Ms. Ruth MacKenzie: Yes. As I said, there's a link between volunteering and giving as a behaviour. I think we have about 45% of the population engaged as volunteers. It's very significant. We have about 84% of the population engaged in informal helping out in our neighbourhoods and communities.

I think we need more volunteers. Until we have every Canadian volunteering, we need more volunteers so that it is seen as part of our day-to-day lives. From my perspective there is also an important element about building the capacity of organizations to engage volunteers. Our position is primarily to have volunteers better engaged, over simply saying that we need more volunteers.

The Vice-Chair (Ms. Peggy Nash): Mr. Hoback, you'll have to continue in the next round.

● (1610)

Mr. Randy Hoback: You're just like the other chair.

The Vice-Chair (Ms. Peggy Nash): Mr. Eyking, we'll go over to you.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thanks, Chair.

I thank the witnesses for coming here. I don't sit on this committee very often, but I'm very interested in where the committee is going in looking for creative ways of helping donors and recipients, and being fair to taxpayers.

On creative ways of helping donors and recipients, you can comment on other countries if you want, but I'm just reading here that the United Kingdom has the Gift Aid program. I don't know if you're familiar with it. If you give an organization £10, then £2.50 is added to it from the government and the donor's tax credit is then based on the £12.50, if I understand it properly. It's a pretty interesting incentive. It says here that over £1 billion was given because of this incentive program.

So my first question to anybody here is about the British system. Are there any other systems worldwide that you think we should be adopting here? Or are we competing with others that we should be adopting?

Ms. Andrea McManus: I can comment on the Gift Aid program. One of the reasons, and probably the essential reason, it has been very successful is that it's done through payroll tax giving in the U.K. It all comes off at source, so it's very different than the taxation system that we have here in Canada. In its concept of the big society, the current U.K. government is looking actively at ways to increase payroll tax giving.

On the other hand, the issue that they do have—

Hon. Mark Eyking: Just on that, if you wanted to give to CARE, for instance, or some other group, you would mark down where your donation is going, I take it?

Ms. Andrea McManus: Yes.

Hon. Mark Eyking: Okay, go ahead.

Ms. Andrea McManus: It's somewhat like the United Way, but at the government level.

One of the issues they do have in the U.K., though, is moving people beyond giving through payroll taxes to giving more and volunteering more. They don't have nearly the volunteer network in the U.K. that we have in Canada. That's my understanding, but you can correct me.

Hon. Mark Eyking: So per capita, we're giving more in Canada because of our different system? Or are you saying, if I were giving the money off my payroll tax, it alleviates my conscience and I say to myself that, well, I have given at the office, so there's less of a connection?

Ms. Andrea McManus: Yes, it's a different environment.

Canadians are not as generous, for example, as Americans. Canadians on average give about 0.05% of their net income, I think it is, or close to 1% of their income, and in the U.S., it's more like 2.5%.

Hon. Mark Eyking: Is it because they're wealthier or do they have a better system?

Ms. Andrea McManus: I think there's a greater understanding of philanthropy, for one reason, and I think there's also a greater understanding of the role the non-profit sector plays in civil society. It's more firmly rooted in the culture. Our culture has changed dramatically in the last 20 years, from one of being government-dependent to more of a balance between government and community working together. That has always been more apparent in the U.S.

Of course, there are different tax regimes....

Hon. Mark Eyking: Are there any other models, in the G-20 for instance, that we should be using or looking at?

Ms. Andrea McManus: I don't know that I could answer that. I can certainly get back to you on that.

Hon. Mark Eyking: I was just curious because sometimes you've got to look at other countries to see if we're doing it right.

Mr. Owen Charters: Just very quickly, as I understand it the Gift Aid system has some complexities in terms of its incentives. It doesn't always incentivize the behaviours that they were expecting. There's some complexity in how it's delivered, and it's also delivered under a one-government system; there are no provincial jurisdiction, etc. I don't know a lot more about it. I just know it has created complications for both charities and the government in terms of administration.

In terms of tax incentives in other countries, Canada is one of the world leaders and there are not a lot of others with models that I think.... We've looked at the U.S., and at the U.K. We stand out in terms of our capacity to understand and incentivize giving around the world.

Hon. Mark Eyking: My other question would be for you, Mr. Howlett. You're talking about people who, being fair, especially lower income people. Say for instance that if somebody made—

• (1615)

The Vice-Chair (Ms. Peggy Nash): You've got 15 seconds.

Hon. Mark Eyking: What about a refundable tax credit for low-income people who are not paying taxes? If they give \$500 to a hospital, for instance, should they get a refundable tax credit back?

Mr. Dennis Howlett: I think that is a good question to investigate. I don't know what the impact would be. Low-income people do give a larger portion of their income than higher income people, and a large percentage of low-income people who give donations don't claim tax credits, so there is a problem there that needs to be addressed and fixed. It's not fair as it is now.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Howlett. We can pursue that in further rounds of questioning.

Mr. Van Kesteren, you're up for five minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Mr. Patrick, you have an interesting concept. Is there a danger that you'll possibly run into the situation that we see with credit cards, where it's easy credit? You'll find people who over-give. Is that something you've considered?

Mr. Jim Patrick: It's not something we've encountered. To protect against that, we have established a \$30-a-month limit per donation or per phone number.

Mr. Dave Van Kesteren: Now I'm wondering. I direct this question to Andrea McManus: Are they mowing your grass? Are you a little bit concerned maybe that—

Voices: Oh, oh!

Mr. Dave Van Kesteren: —that they won't need to...?

Ms. Andrea McManus: Actually, no, I don't think they are.

I think that incentivizing any kind of giving is a positive thing, because increased philanthropy encourages more philanthropy. In fact in Canada in the text-giving scenario, we're way behind Europe and Southeast Asia and any of those countries. They've been doing that for years very successfully.

As the mother of three daughters in their early twenties, I think it's only going to grow. Because my three daughters never open a piece of mail, I open their mail. I know I'm not supposed to, but I do because if it's important, then I make them look at it. They never will, but they will do this. They will give.

Mr. Dave Van Kesteren: I'm going to go to Mr. Howlett in just a second, but I think you're right: Statistics show that when children are taught at an early age to give, then it becomes habit-forming. You're right: This is an easier way to do it.

I want to talk about the giving

Mr. Howlett, I don't think there's anybody in this room who doesn't agree that we need tax fairness. I've seen the charts, and I've seen the surveys, and I know you have too. Isn't it true that it isn't necessarily just the rich who would benefit? Isn't there a large group of people who would? I think you said that just a minute ago.

I don't know if this is your intent or if you believe this to be the case, but do you think that the government should control more of the money, take more of the money, and then help social programs that way? Is that your intent?

Mr. Dennis Howlett: This is something that needs more debate, even amongst people on my board. But it is a real problem for government to be backing out of areas that they have traditionally assumed responsibility for.

Mr. Dave Van Kesteren: But isn't this a vote? This is the beauty of charitable giving, that people can decide, and not only decide. I think we've all had personal experiences.

I wouldn't want to say a whole lot, but I have a family member who had some difficulties in his business and I offered to help him out by giving some money. He turned that down, because, he said, "You know, it's going to get too easy. That's not the problem here. We have to buckle down. We have to get to work". That's a rare attitude. And that's the danger of charitable giving. If we go into an area that has more than just social problems, charitable organizations seem to do a better job at that than governments do. What's your response to that?

Mr. Dennis Howlett: It's true that they can often see needs that exist in a community, especially if they're locally based. Their role as being complementary to government is valuable and important. But it's problematic when you expect charities to take the place of...or to pick up the gaps, because many charities just don't have the capacity. They don't have the comprehensive coverage, and accessibility becomes a problem. It becomes more of a hit-and-miss thing.

That said, they certainly can often pioneer programs and develop things that can be very valuable and helpful to government as well.

• (1620)

Mr. Dave Van Kesteren: So you haven't taken that stand; it's something you're looking at. You would agree that an organization like CIDA.... I serve on the foreign affairs committee and I see where

organizations—and I don't want to start to mention the Mennonites or whatever—do a great job across the seas. We've tagged on with them and we've become much more effective in our aid distribution as a result. Do you agree with that?

Mr. Dennis Howlett: Yes. I used to work in the international development field, so I would agree with that.

Mr. Dave Van Kesteren: Thank you.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Howlett.

Thank you, Mr. Van Kesteren.

[Translation]

Mr. Caron, you have five minutes.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you very much, Mr. Chair.

Mr. Patrick, I have to say that I have been curious about online giving for some time. I find it an interesting idea. I have two questions.

Clearly, you are dealing with telecommunication companies. Do you have an idea of the administration fees that the companies charge, or do they give you the entire amount of the donations?

Mr. Jim Patrick: Okay.

Mr. Guy Caron: I assume that the arrangement still costs the companies something to process the data.

[English]

Mr. Jim Patrick: No.

The way it works is that a charity will sign a contract with the Mobile Giving Foundation to have access to the platform, and that charity will get an invoice from the Mobile Giving Foundation in exchange for that access. The amount of the donation is passed through from the mobile provider to the foundation at 100% and then subsequently passed on through the charity at 100%. It's also, I should note, tax exempt. It goes onto their bill, but not until after the tax is calculated.

[Translation]

Mr. Guy Caron: Because it is not a source of revenue for the company.

Mr. Jim Patrick: Exactly.

Mr. Guy Caron: Okay.

[English]

Mr. Jim Patrick: It's not a source of revenue for the wireless companies in any way.

[Translation]

Mr. Guy Caron: You mentioned that there is no danger of fraud from accounts being hacked or things like that. But is it possible that a person who loses his cell phone might find something on the bill because someone found it or stole it?

Is there a set limit that would mitigate the losses people could incur?

[English]

Mr. Jim Patrick: The question of lost or stolen cellphones is one we're looking at. It's broader than just this particular application. In this case—and here I think I speak for the carriers—if there were evidence of fraud or misuse, the charge would be reversed.

[Translation]

Mr. Guy Caron: My next question is for all our witnesses, but particularly for Mr. Howlett and Ms. McManus, and perhaps Ms. MacKenzie too.

I have not actually been a member of the Standing Committee on Finance for very long. I joined it a few weeks ago and, if I am not mistaken, this study has been going on for several months.

In a way, charities compete for donations because each dollar in donations goes somewhere. The organizations are all in competition with each other.

How much is generally spent? I know that there are variations because of the advertising and marketing needed to promote the various causes.

Is it your impression that increasing tax deductions, such as, for example, the stretch tax credit on new donations that is being proposed, would have the undesirable effect of increasing advertising and marketing budgets, given the greater amounts of money at stake?

The question goes to Mr. Howlett, Ms. McManus, Ms. MacKenzie, and to the others, if we have any time left.

[English]

Ms. Andrea McManus: The question about how much charities spend to raise money, is that what you're really getting at?

Mr. Guy Caron: Basically, yes.

Ms. Andrea McManus: I'd like to be able to say it's $x\%$, but it's much more complicated than that. The CRA has come out with fundraising guidelines. They may look at anything over 35%. There are all kinds of qualifications that even they recognize around that. It's just simply the maturity, the size, and the appeal of the cause of an organization. Two organizations could do exactly the same fundraising event. One would be a children's hospital, and one might be for the Elizabeth Fry Society or the John Howard Society. You are going to have a much lower cost of fundraising because your revenues are going to be higher for the children's hospital than they will be for the other ones.

I believe the fundraising activities of charitable organizations are really their R and D, their research and development. It does cost money to raise money.

Mr. Guy Caron: Do you feel that the costs would increase with—

•(1625)

Ms. Andrea McManus: No, I don't. I think the costs would decrease. It's not about efficiency; it's about effectiveness.

Mr. Guy Caron: I'm sorry, there are about 30 seconds left, so I will ask for a quick answer from Mr. Howlett.

Mr. Dennis Howlett: I don't have an answer to that, but would just point out that even though it's sometimes assumed that charities can deliver programs more efficiently than government, that's not always the case, precisely because of the costs of fundraising. That is a big cost. It depends, and it varies a lot. It's really hard to give any one answer about that. It is an issue that should be considered.

The Vice-Chair (Ms. Peggy Nash): You have 15 seconds.

Mr. Guy Caron: Ms. MacKenzie.

Ms. Ruth MacKenzie: As Ms. McManus says, it's about effectiveness.

The Vice-Chair (Ms. Peggy Nash): Merci, Mr. Caron.

Ms. McLeod, you have five minutes.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Madam Chair. I also would like to thank the guests.

Mr. Patrick, I find it quite fascinating. I think there's amazing opportunity. One of the issues we're looking at as a federal government, and the purpose of doing this study, is whether or not there is anything the federal government can, should, or needs to do to support this as an option for charities moving forward? Or is this just good information for us to have?

Mr. Jim Patrick: We're not seeking any specific changes to the taxation framework. We have in interest in ensuring that any changes don't impact the efficiency or effectiveness of the program.

If I could just use another 10 seconds, if we could encourage everyone with a federal cellphone to do something, it would be to sign up for our free wireless amber alert program that allows you to get free amber alerts on your cellphone as a text message. You can localize it to your area or riding. You could set it up to receive alerts in your riding and in Ottawa, so that you don't get them in areas where you don't live.

So we have one standing recommendation: We would like to see every federal public servant signed up for our wireless amber alert program.

Mrs. Cathy McLeod: Thank you. That's a good idea. So you have Rogers and Bell and Telus and the smaller groups all as part of your network?

Mr. Jim Patrick: Yes, as an association we represent all of the incumbent wireless carriers, all of the new entrants, and all of the regionals—so, everybody.

Mrs. Cathy McLeod: Great, thank you.

I have to make a comment, Mr. Howlett. Certainly I appreciate your comments concerning how important it is that there are front-line groups that have the ability to have input on policy, which is why we actually created the 10% rule many years ago. The move of the government, and it doesn't matter what the organization is advocating for, is to ensure that the rules around the 10% are actually followed.

I think it's important to recognize that the rules have not changed; it's just that it's important that the CRA, in any program it has, have some tools and have some opportunity to monitor. If I were giving to Big Brothers and they were spending all their time in meetings for some issue as opposed to doing what I as a charitable giver expected them to be doing, I would be very concerned. So I think it's important to recognize that the rules aren't changing; that there's a reason the rule was put there in the first place, but that it is deemed important, and that's why the 10% piece is also there. As the parliamentary secretary for the revenue agency, I thought it was important for me to make that comment.

Ms. MacKenzie, we've heard a fair amount about stretch tax credits and a fair amount about the capital issue. I appreciate your focus on the volunteers. I have had people in my riding recently advocating for credits for volunteers, and I appreciate your comments about how complicated this is and how it may be moving us away from the whole volunteerism focus.

You talked about something like police checks supporting training. Could you talk a little more, without going down that path of tax credits, about how there might be some support that the federal government can give in terms of volunteers? What would you envision there?

Also, I anticipate that although the police checks make eminent sense, there would probably be millions and millions of them, with a fairly significant cost at \$40 per check. Talk a little bit more about how you would envision that whole volunteer overlap.

• (1630)

Ms. Ruth MacKenzie: We know that volunteering is still a fairly middle-class construct. Volunteers tend to be well-educated and tend to be on higher ends of the income scale. We'd like to see some analysis done of the economic barriers to volunteering. Many volunteers can't participate in volunteering because of the costs associated with it, and many organizations are not in a position to support some of the direct costs associated with volunteering. We'd like to see a system that could support some recognition of the direct costs, supporting them in kind, perhaps in funding initiatives, and that would ask organizations to quantify the costs associated with volunteering.

Police checks are important, because of course volunteers who are working with vulnerable groups want their clients to be safe. Police checks are one component of a more robust screening package, though. We would like, and we have some work underway with the Department of Public Safety right now to develop, some real tools to support organizations to implement broad-based screening practices. Having those broad practices, based on a risk assessment, will actually minimize the number of police checks that happen.

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

Thank you, Ms. McLeod.

Mr. Marston, you have five minutes.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): I believe that if our chair doesn't show up twice in a row, we should have this chair permanently.

I want to give a bit of a history lesson here to our folks across the way. In 1927 in Hamilton, the Chamber of Commerce and the labour movement started the United Way there. I served about 25 years in association with them. During the 1980s, we had to sort out where we were going to place our donor dollars, because government was backing away from a lot of the areas it had traditionally funded. That was a very trying time, because that was when we were getting our first food banks. As we all recall, everybody told us they were a temporary measure. Well, that temporary measure has gotten out of hand.

Imagine Canada was before the committee and made a couple of statements that I think should be referred to again. It expressed concern about the impression that charities and non-profits are not accountable for public money. I think they're very accountable for public money, and that needs to be stated again for the record, because it is very important. There's a kind of cloud that hangs over some agencies because of media reports and questions about how much of the donor dollar goes here or there. I want to commend you all for the work you're doing, because I think it's significant. You're important to Canadians.

Ms. McManus, I have a very specific question. What do you believe are the overall effects of the elimination of capital gains on donations of publicly listed securities?

Ms. Andrea McManus: Unfortunately, we don't have quantified numbers on that, other than knowing that a study was done in the year after the capital gains was completely lifted, and the number of gifts of securities doubled and the value of those gifts far more than doubled.

Anecdotally, in my own experience, until the economy took a downturn and the tax advantage of gifting by securities became less attractive, every organization I'm involved with or have worked with—and across the board—was seeing increases. I know that for our local United Way, their campaign goal in the year following was somewhere in the vicinity of \$46 million that about 40% came through gifts of securities. In the previous year, it had been less than 10%.

Mr. Wayne Marston: Mr. Howlett, a question that I think is more in line with where your testimony came from is, why are corporate donations treated as tax deductions rather than tax credits?

Mr. Dennis Howlett: I don't think that what's being proposed is for corporations, but for individuals. In the case of corporations, I'm not sure about the rules that apply to them.

Mr. Wayne Marston: I'm just rejoining the committee. In the conversation around the stretch tax, it's hard to find anybody who's speaking against it. It seems to me, at least on this side of the table, that it is the way we're beginning to think we should be going.

I'll stay with Mr. Howlett. Have you observed trends in charitable giving from Canadian corporations with respect perhaps to their location or the business sector they're in? Is there a stand-out area that you've noticed relative to tax treatment?

•(1635)

Mr. Dennis Howlett: Corporate donations are actually not as large as donations from individuals. They get a lot of publicity, because usually when they give they ask that their name be prominently displayed.

Mr. Wayne Marston: Sure, it's their corporate image.

Mr. Dennis Howlett: So there is a perception that they give more than they really do. It is not as big an amount as one might think. I don't know the exact figures on it, but I don't think they can be....

One of the problems we have is that corporations and rich individuals tend to give to large organizations such as universities, hospitals, and so on, and the charitable groups doing work in community service serving the poor only get about 10% of the charitable dollar. That's a problem.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Howlett.

Thank you, Mr. Marston.

Mr. Adler, you have five minutes.

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

Thank you all for coming today.

I would like to comment that Mr. Marston knows about the United Way founding because he was there in 1927.

Voices: Oh, oh!

Mr. Wayne Marston: I will remember your comment.

Mr. Mark Adler: Mr. Howlett, I'm curious because the name of the organization is Canadians for Tax Fairness. Who are these Canadians?

Mr. Dennis Howlett: So far more than 3,000 Canadians have signed on in support of our organization, and we're associated with other groups, provincial groups, that have also been campaigning on tax fairness issues since before we were established. Generally, they are Canadians who are concerned about trying to deal with the deficit only on the spending side, rather than looking at the revenue side as part of the solution.

Mr. Mark Adler: Are these members of the organization? Is there a fee to join?

Mr. Dennis Howlett: We have donors and we have people who have just signed up in support—both.

Mr. Mark Adler: How do you fund your activities?

Mr. Dennis Howlett: We are funded by donations from individuals. We are not a registered charity, precisely because a lot of our work is advocacy and we wouldn't qualify as a charity. But we also receive funding from development NGOs and labour unions.

Mr. Mark Adler: Okay.

A voice: [Inaudible—Editor]

Mr. Adler: It's Thursday afternoon and I ain't going there! I'm giving you a break today.

Voices: Oh, oh!

Mr. Patrick, I'm very curious about what you've done, and I have to commend you for it. Where is the genesis of all this? Where did it all come from? Could you give me some of the background?

Mr. Jim Patrick: Sure.

The Mobile Giving Foundation was established in the United States a few years ago. They approached us, I'm going to say in 2009, and asked if we would consider being the Canadian host for this organization. They set it up at precisely the right time here, because literally within a week or two the earthquake in Haiti happened, so we had a trial by fire. Not to compare our trials to theirs, but we had the program up and running within a matter of days. We raised \$400,000 in five-dollar donations, which turned out to be more in that first month than was raised in the United States through the entire first year—not in per capita terms but dollar for dollar—and that's where we really appreciated the potential of this.

The head of the Mobile Giving Foundation in the U.S. remains involved with us. It's part of the Mobile Giving Forum, I believe, today in Toronto, and we remain in close contact with them. But to date, Canadians have taken to this platform in a greater way than Americans have, even though it began in the U.S.

•(1640)

Mr. Mark Adler: Have you been able to break down the demographics, in terms of what age group is giving as opposed to others, or what gender?

Mr. Jim Patrick: It's not to say it hasn't been done, but I haven't seen those demographics. I will check, and if we have them I'd be happy to file them with the committee.

We do public polling every year, and this year we ran a survey, hired a company called the Quorus Consulting Group, that ran what we call the "consumer attitudes on mobile giving". To the question earlier of whether we're eating the lunch of existing charities, importantly 87% of donors who used this mobile platform did so in addition to donations they made through traditional means.

In terms of age or income, if we have that information I'll file it with the clerk. But we do poll our users regularly.

Mr. Mark Adler: Did the polling information also show anything to do with whether they give exclusively via the phone?

Mr. Jim Patrick: Only 8% reported that text donation would replace their traditional means; 90% of mobile users said they'd do it again; and 83% said they'd recommend that someone else do it again. But only 8% said they saw it as replacing their traditional means of making donations.

Mr. Mark Adler: Okay.

Do they choose what charity they want the money to go to? How does that work?

Mr. Jim Patrick: There's a keyword associated with the charities. I'll give you an example.

A hospital in Toronto wanted to use this platform to run a campaign. We went to the Toronto Raptors, who put the five-digit short code up on the screen, along with the keyword, which might have been "hospital". Our president and CEO, Bernard Lord, who can be a persuasive guy, made an on-screen appeal and I believe they raised over \$20,000 with that one exposure.

Mr. Mark Adler: At a game.

Mr. Jim Patrick: At a Raptors' game.

Mr. Mark Adler: Oh, really. Okay.

Now, you talked a bit—

The Vice-Chair (Ms. Peggy Nash): Mr. Adler, you have about five seconds.

Mr. Mark Adler: Okay.

You talked earlier about political donations and that in Canada we can't use this method at the moment.

Mr. Jim Patrick: It hasn't be set up that way. We would have to engage Elections Canada, the Canada Revenue Agency and, potentially, provincial agencies, before we could. We may have the U.S. experience to draw from, given that yesterday, as I said, the Federal Elections Commission in the U.S. received a similar petition.

Mr. Mark Adler: I see. Okay, thanks.

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

I have put myself on the list of questioners, and I'll continue with you, Mr. Patrick.

You said that the genesis of this program comes from the U.S. I did see a similar program when I was down there a couple of years ago. Are they the model? Would you say, if there were a place that's more advanced than Canada on this, it would be the U.S.?

Mr. Jim Patrick: I'm not the expert to make comparisons beyond North America. I do know that the text-to-donate channel works essentially the same in Canada and the U.S., based on a keyword and a five-digit short code. We have a few direct comparables, like the Haiti experience, but beyond that we haven't done any extensive international comparisons.

The Vice-Chair (Ms. Peggy Nash): Okay.

I have quick question while you're here. Are you folks looking at the cellphone registry for lost phones?

Mr. Jim Patrick: It's something we're considering and looking at, yes.

The Vice-Chair (Ms. Peggy Nash): Okay, great.

On the proposals for both the stretch tax credit and the capital gains, do you think that there are some kinds of charities that would benefit more and some that might not see any advantage to these proposed changes?

I'm someone who was on the fundraising board, the campaign committee, of the United Way in Toronto for a long time. Is the United Way an organization that might benefit? Are there some

organizations that might not see any benefit from these changes you're proposing?

Whoever wants to answer that can.

Ms. Andrea McManus: My response to that would be that the stretch tax credit, which I'd like to go back on record as saying would be our first choice, would benefit small to medium charities more than it would benefit the larger, well-known charities, such as hospitals and universities. The removal of capital gains on private securities and land and real estate would probably benefit the larger charities more, just because they already receive larger gifts generally.

Part of my previous answer comes from the fact that I've been doing a lot of work with agencies that serve the homeless. They are not large agencies. Whether they're focusing on addictions or affordable housing or whatever the contributing factors to homelessness are, they would greatly benefit from being able to receive gifts of land and real estate.

I think the charitable tax credit is a clear benefit to smaller- to medium-sized charities that generally find it harder to raise money, and perhaps have a higher cost of fundraising attached to that.

The other one is kind of both.

● (1645)

The Vice-Chair (Ms. Peggy Nash): Does anyone else want to add something?

Mr. Owen Charters: I just want to say that we do see the stretch tax credit as benefiting all. I think it's one of those "rising tide floats all boats" measures.

I think it also helps organizations, even the large ones.... Speaking to an earlier question on the support in the U.S., I would point out that some of that support, for instance, is from alumni of universities in the U.S., where there's very strong support. I think Canadians are still trying to build that from a broader base and not just from their wealthy alumni. So I think there's capacity in all institutions.

I've worked in fundraising for hospital foundations and health charities, as well, and there's no doubt that the other proposals, especially for eliminating the capital gains tax, would be helpful, but they are complex, and legally, they often take a lot of work. For instance, at CanadaHelps, we facilitated online gifts of securities for small organizations, simply because those organizations don't have brokers. It would be very hard for us to do that with something similar under these other proposals. We know that with some of the other proposals, there is a lot of complexity to deal with for small organizations and a lot of legal advice required, which they just don't have access to.

The Vice-Chair (Ms. Peggy Nash): Thank you.

Mr. Howlett, you talked earlier about low-income people giving a greater percentage of their income. You didn't get a chance to really finish your thought. I have about 45 seconds left, if you'd like to talk further about that.

Mr. Dennis Howlett: The figures I have show that people with incomes lower than \$20,000 gave about 1.6% of their income in charitable giving, whereas people with incomes over \$100,000, gave 0.5%. If you look at giving in terms of the percentage of income, low-income people actually give a lot more. They don't generally get tax receipts for that, and their gifts are often less than \$200, so they're given the lowest rate. That's what we feel is unfair.

The Vice-Chair (Ms. Peggy Nash): Thank you.

Mr. Goguen, you have five minutes.

Mr. Robert Goguen (Moncton—Riverview—Dieppe, CPC): Thank you, Madam Chair. Thank you to all the witnesses for appearing.

In holding to the theme, I'll try to ask charitable questions—

Voices: Oh, oh!

Mr. Robert Goguen —but their non-deductible, however.

I'm curious to get Ms. MacKenzie's take on the volunteers and their contributions not being tax-deductible. We've sort of abandoned the fort on that. We have the fireman's tax deduction.

Is even having a set fee to encourage people to volunteer unworkable in your mind?

Ms. Ruth MacKenzie: I think there are some unique issues around tax incentives for volunteer firefighters or emergency services volunteers in terms of how volunteering plays out and the cost implications of volunteering. I think that's a bit of a unique niche.

But just generally there is no basis that a tax incentive is an incentive to volunteer. Our research and research from Volunteer Alberta conveys that's really not the case.

I also think there are way too many questions that are still around about that whole issue. The concern about quantifying volunteering and the picture that presents about altruism and the role of volunteers in our community is also really concerning. When you look at quantifying volunteering in terms of the hours contributed and an hourly wage rate, you really miss the human capital and social capital that is built through volunteering.

Our concern is about simply looking at volunteering in a quantifiable sense.

Mr. Robert Goguen: Even based on a minimum wage, given the province, there is no way you could establish some sort of a gauge, even a topped-off amount? Has it been done in any other country, do we know?

Ms. Ruth MacKenzie: Some countries have a tax incentive. The U.S. has a tax incentive for volunteering.

Our point as well is that talk about volunteering strictly in those terms is problematic to many volunteers, who find it off-putting when they think of the altruistic nature of why they came to volunteering.

So again if we're talking about recognizing volunteers with the assumption that it's not an incentive for people to volunteer or volunteer more, there are other mechanisms to recognize a volunteer contribution.

• (1650)

Mr. Robert Goguen: Well, you noted a while ago that the cost of volunteering seems to be a disincentive, like the police checks and the other costs. Should associated costs like that be tax deductible?

Ms. Ruth MacKenzie: That's certainly something to be looked at. Having a tax credit for the real costs that individuals incur when volunteering is quite a different matter than a tax incentive for time given.

Mr. Robert Goguen: Okay. Thank you.

Those are all my questions.

The Vice-Chair (Ms. Peggy Nash): Thank you.

Ms. Glover.

Mrs. Shelly Glover (Saint Boniface, CPC): Thank you.

Thank you very much for coming.

I love this study because it gives us a real opportunity to have a discussion about out-of-the-box ideas to increase charitable giving. But as we're progressing with this study, the trend that I'm seeing, unfortunately, is that there appears to be some kind of an effort to support two main ideas: the stretch tax and the capital gains.

We've heard those ideas repeatedly. I'm looking to encourage anyone who might be watching or listening and who might be appearing here in the future to come with some new ideas, because we are going to consider those two ideas and you could also quickly say when you are here that, yes, we support these ideas. But I think we're missing an opportunity when each of these organizations just come here and reiterate what a stretch tax credit is and what a capital gains tax is, because there are other ideas.

So, unfortunately, I'm going to focus my time on the two new ideas because we have spent an awful lot of time on the other situations and I'm disappointed that we aren't coming up with more out-of-the-box ideas.

Jim Patrick, you came here today with a new proposal, which is why we're quite engaged by it. But I want to know what's in it for your organization? How much do the charities pay on average? Is there a formula that you use?

Mr. Jim Patrick: The charities pay the Mobile Giving Foundation; they don't pay us. The Mobile Giving Foundation is a separately incorporated body.

I don't have particular statistics on whether there is an average fee or whether it's a transactional fee. It's something I can look into.

What's in it for us is that we think that people should be using wireless technology to do everything. Because it was possible we thought it should be implemented. It's similar to the reason we had for taking on the wireless amber. We run a free cellphone recycling program. There is very little in it for us on a financial level, but it's—

Mrs. Shelly Glover: Right, but it does advertise the.... So I get that.

Now my question of the others is, why are you not using this mobile giving? What is the disadvantage to this? Are your organizations using this, Ms. McManus, Mr. Charters, Ms. MacKenzie?

Ms. Andrea McManus: I don't see any disadvantages to using mobile giving. In fact we recently completed a study on fundraising practices and found that the vast majority of organizations use up to eight different methodologies to raise money.

The reality is that people give in different ways. Some people like to give over the phone, some people like to give to somebody at the door, some people like to text, and some people like to do online giving through—

Mrs. Shelly Glover: It's just because my time is limited that I'm interrupting you, but do you know how many of the charities your organization represents might be using mobile?

Ms. Andrea McManus: I think the number would be very low because it's so new, but it is catching on.

Mrs. Shelly Glover: Right. Great ideas are found at the finance committee on the Hill.

Mr. Charters, is your organization using it?

Mr. Owen Charters: We deliver online transactional capacity which, in many cases, people are accessing through online devices. They're accessing the Internet wherever it may be, whether it's in their pocket, or it's a wire line, or it's at Starbucks. We're finding people are using our service through wireless services, through access to the Internet. We actually believe that's the way more and more people will be going. I think what we're talking about is more about transactional capacity.

Mrs. Shelly Glover: Right.

Mr. Owen Charters: That's something we believe in. We've tried to enable as many ways as possible for people to transact online, through credit cards, debit, PayPal, securities, and more.

Mrs. Shelly Glover: I get that. You're focusing away from what I wanted to know, which is why you are or aren't using this service.

Mr. Owen Charters: Well, we are. We're not using this service because our service is built based on the Internet. We believe that's going to be delivered through mobile technology no matter what. It's part of that. It's part and parcel of how people will give.

Mrs. Shelly Glover: All right. Very good.

Ms. MacKenzie, when I was growing up, my parents couldn't afford to pay for lessons for five kids on the incomes they had. My community club actually would provide free classes to my brothers and sisters and me, if my parents coached hockey, and that kind of thing. This is an idea. I keep waiting for someone to bring something like this forward. We're missing opportunities because the stretch credit has some problems, which we've discussed multiple times in this venue, which is why I'm going to try not to repeat myself.

• (1655)

The Vice-Chair (Ms. Peggy Nash): You have 15 seconds.

Mrs. Shelly Glover: If you have any suggestions like that rather than just analyzing and studying, even after this is done, we would be very interested in hearing your out-of-the-box ideas, because we are looking for multiple ways of perhaps addressing this. I leave that with you, hoping that you take us up on that offer. Sometimes the best ideas come on a whim.

Ms. Ruth MacKenzie: That's a good point. There are lots of ways to look at engaging volunteers in more innovative ways in fundraising activities for organizations.

The Vice-Chair (Ms. Peggy Nash): Thank you.

Mr. Mai.

Mr. Hoang Mai: Thank you, Madam Chair.

I'd like to say that I disagree with Ms. Glover. I find that what we heard today was very interesting and different from what we heard in the past. I agree with Ms. Glover, nonetheless, that what Mr. Patrick has brought forward in terms of mobile giving is new. Also, what Mr. Charters brought forward is pretty new. I read that they are also known as the Google of giving. We're talking mobile. We're talking about the Internet. So it's something that's very new. Also, what Ms. MacKenzie said about volunteerism, I think was very interesting.

I would remind Ms. Glover that the motion that was brought forward by your party was regarding tax incentives for charitable donations. So we have to talk about tax incentives, and what we've heard from most of the people who are talking about that issue is that the stretch tax credit is one way to go. We've heard also about other incentives. We have to remember that the focus of the study that you have brought forth was regarding tax incentives. That's why we have people here. It just happens that a lot of people agree with our position, which is to put forward the stretch tax credit. I'll just move forward on that one.

Mr. Charters, you said that government cuts end up on the backs of charities. Could you expand more on that in terms of which types of charities are now suffering or having more problems?

Mr. Owen Charters: Absolutely. I don't have an exhaustive list, but we're seeing things such as mental health issues that have been picked up by organizations in the non-profit sector when governments have cut. This may be provincial governments, but still it's where services have been pulled out of the public system and organizations in the non-profit sector have picked them up. We've already heard that food bank use picks up when employment insurance does not cover the cost. Even with paid employment, people continue to access those services. Those services continue to grow, unfortunately, when they were supposed to be temporary measures.

We heard a lot during the recession from places like Windsor, Ontario, where, as people were losing their jobs, career counselling, employment counselling and social services in terms of domestic violence, etc. increased. That may not be the same as government cutbacks, but we saw organizations struggle with both reduced revenues and an increase in demand for those services. If those services aren't provided through government agencies, then we do see the non-profit sector attempting to pick up the slack.

Mr. Hoang Mai: I would also like to remind Ms. Glover that we had Mr. Howlett, who was talking about how things were done in Quebec, which was pretty different from what you heard.

Maybe I will go back to Mr. Howlett. Thanks to Mr. Adler for pointing out that you are allowed to talk about political activities.

Can you tell us more about why you'd be in support, or maybe expand on what the government can do in order to make it more equitable

[*Translation*]

for the charitable organizations.

[*English*]

Mr. Dennis Howlett: It's important to realize that according to a Statistics Canada study done a few years ago, only 46% of donors stated that they or someone else claimed a tax credit for their charitable donations. So it would seem that less than half of those who are actually giving charitable donations worry about the tax credit.

I think we've also heard from the other witnesses that one of the problems in Canada is that as a percentage, fewer and fewer people are actually making donations. So I think that what would really help is to give incentives to people to be first-time givers or to step up. That is why I think increasing the credit at the lowest level, such as Quebec has done at 20%, and making it fair, would in fact create a greater incentive for people who may not think it's worthwhile worrying about keeping their receipt when it's only 15%. But if it were 20%, even on the first donation, that might encourage people to give more. It would make it fairer to make it an across-the-board credit.

That's a new idea that I would suggest you study and to look at how that operates in Quebec as compared to the rest of Canada.

• (1700)

Mr. Hoang Mai: Regarding the budget, there is \$8 million put forward to attack charitable organizations, which represent less than 1% of them, more or less. Do you think it's money well spent?

Mr. Dennis Howlett: No, I don't think that's a big problem. The biggest problem is that so few charities are doing advocacy work. That is the problem I think needs to be addressed.

The Vice-Chair (Ms. Peggy Nash): Thank you, Mr. Howlett.

Mr. Calkins.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Madam Chair.

I just want to say in response to my colleague Ms. Glover's comments that I fully support the notion of being able to donate time in lieu of fees.

I have two boys in hockey. Shelley, if you could just get me permission from the whip, I would stay home all next winter and coach hockey. I promise I'll pair off with somebody from the NDP for voting, and it would be absolutely fantastic. All kidding aside, I think that's a great notion.

Ms. MacKenzie, a couple of weeks ago we had a national volunteer week. We had an excellent opportunity as members of Parliament to be out in our constituencies thanking the many volunteers who do such great work in our various communities. It's absolutely fantastic been done. Things are noticed in the community and people act on them with passion to make a difference in Canadians' lives.

I noticed in your testimony that you talked a bit about the difference between something like the volunteer firefighter tax credit and how other tax credits might be applied to the charitable sector, and the volunteer sector as well. People who sometimes feel the need to give might not have the financial capacity to do so, but they have the talent and time which they can give in lieu of money. I want to know more about your organization's perception of the value of things like time and talent versus the treasure component and how the Government of Canada could better recognize those aspects of time and talent.

Ms. Ruth MacKenzie: Certainly with 46% of the population donating their time as volunteers to the 161,000 charities and non-profit organizations in the country, volunteers are a significant component of the labour force for organizations. Organizations rely on volunteers and any mechanism to maximize the contribution of volunteers would be very important to organizations.

We do a lot of work to build the capacity of organizations to be responsive to the trends in volunteering so that they can continue to access volunteers, based on what volunteers are looking for. As an example, the long-term picture of volunteering is the hospital auxiliary volunteer contributing a tremendous number of hours every Wednesday for 35 years. That type of volunteer is increasingly a volunteer of the past. Volunteers now want to contribute in a more episodic fashion. They want to contribute their skills, in many cases, to be leveraged effectively by an organization to contribute directly to its mission. So we support organizations to be able to respond to some of those trends.

Mr. Blaine Calkins: That's fantastic. It's absolutely amazing how much talent and time people do put into this. I find that most of the people in the communities I represent don't just volunteer for one organization. It seems like in every community you have the core volunteers who volunteer in three or four organizations.

Ms. McManus, I'm just going to ask a question of you. I think I have enough time for one more question.

I was elected in 2006. After the first budget when we were here, we changed the policy for gifts from shares and stocks, and things of that nature. The Lacombe & District Historical Society had a mortgage on its blacksmith museum that was paid off in full the very first year after that tax policy was changed, because a generous donor who saw fit to make that donation through that method was able to help that particular society do so.

Are there any other anecdotes like this that you could provide to this committee? If we were going to strengthen charitable donations and giving, we must go to the people who have the resources to be able to do so. We can get the time and talent from the local community. We're going to get the treasure from those who have it. I think this is an excellent strategy going forward. Do you have anything else to offer the committee that would encourage us to move in that direction?

• (1705)

Ms. Andrea McManus: I would reiterate my earlier anecdotal comment about the United Way of Calgary and the immediate effect that the elimination of capital gains had on its campaign. It reached its goal in a much shorter period of time.

Up until late 2008, gifts of securities were very significant, and of growing significance, for most charitable organizations. We had a levelling off, or a decline, of course, when the value of the stocks went down.

The rationale for using privately held securities is simply that we have seen such a growth in private family philanthropy in Canada. One of the single largest areas of new charities is private family foundations. A lot of the assets that go into these are privately held securities.

The Vice-Chair (Ms. Peggy Nash): Thank you, Ms. McManus.

Mr. Eyking.

Hon. Mark Eyking: Thank you, Chair.

I know we're mostly talking about tax credits and things that could help charitable organizations, but there are more than tax credits that governments can use to help or create an environment for helping organizations, especially organizations that do development work in other countries.

What we have seen—and this is the finance committee, so we're well aware of it—is a \$380 million cut to the CIDA budget. What's happening with the present government is that they're cutting off quite a few NGOs that are not ideological in their thinking. We have in Quebec alone 30 or 40 NGOs that are not going to be receiving money from the present government.

When that happens, I'm assuming it triggers.... Many times you have donors who donate money to a charitable organization that's doing work internationally. If it doesn't receive that money to do work in Africa, for instance, the project will not continue.

My question is this. When that happens, and if there are 30 or 40 organizations or NGOs in Quebec that are not going to get funded, does that put that organization in jeopardy in terms of people funding it? To what extent should governments be consistent here? There's no doubt they should review what a charitable organization is doing, if they're funding it. But is it a big problem when a government

comes in and stops funding all these charitable organizations? And what happens to the donor in that case?

Ms. Andrea McManus: There's certainly more pressure on the charities to raise money from other sources to diversify their revenue base. Whether they do that through a combination of earned revenues, social enterprise, or philanthropic or corporate support, the broader your base, the more stability you're going to have. It's similar to relying on any one donor to provide a significant percentage of your annual revenue: It's a very vulnerable position to be in.

So, yes, as governments have cut back, I think that's why we've seen such a growth not only in charities but also in the amount of giving that's been done in Canada over the last number of years.

• (1710)

Hon. Mark Eyking: So it's putting the pressure on the donors, individual donors, with the government backs up?

Ms. Andrea McManus: It's putting the pressure on the organizations to raise more money and to diversify and be more creative and innovative and to employ out-of-the-box thinking on how they're going to raise money, yes.

Hon. Mark Eyking: Do you think there should be more third-party analysis of who gets the money instead of government having an ideological stamp on what charities get money?

Ms. Andrea McManus: I think Dennis—

Hon. Mark Eyking: You people must be representing these charitable organizations that are facing this. Whether it's the elephant in the room or not, I don't know, but it causes a big problem. I know you can come here for tax credits and that, but if in another door the government is shutting you down, it must be a big problem.

Mr. Owen Charters: I'm going to say that I think each government has its own ideology of what it wants to fund. The challenge that most organizations are facing is to have a source for some kind of sustainability. So the pressure it puts on donors when these changes are made, and if they're made very quickly, is not just a pressure on the donor but also a disincentive.

In many cases, for instance in Haiti, you see donors give because of government matching. When that match is lost, not only do you feel additional pressure but you also feel that disincentive. How it's done I think is the real question. Are there ways to do it and ways where it can be transitioned, where organizations, perhaps through tax credits, can find other ways of searching for sustainable revenues? As Ms. McManus has said, those are the other types of help, not necessarily tax incentive help, that organizations need from the government.

Hon. Mark Eyking: Go ahead.

Mr. Dennis Howlett: Can I just say one thing? It is important for governments to look at other ways to support charities than just through tax incentives. Direct funding for key programs is an important one, and often a more cost-effective one because when you're giving tax credits, that is a cost to government revenue as well, and because of the cost of fundraising involved sometimes it's more efficient to actually provide direct funding.

That being said, you raise the other question of when the decisions about who gets that money are politically motivated rather than being more objective assessments of the quality of the service being provided. I think that is a problem, but in principle, we need to look at all ways that government can support charitable organizations.

The Vice-Chair (Ms. Peggy Nash): Thank you very much. Thank you, Mr. Eyking.

Ms. Glover, and as I understand it, you'll be our last questioner.

Mrs. Shelly Glover: Perfect. Thank you.

I'm not a big fan of using witnesses for political reasons, which is why I'm going to avoid discussing all of what just happened, because I really do want to help. On this side anyway, we want to help you to help charitable giving across the country. So I have a couple of specific questions.

I'm interested, Ms. Mackenzie, in the numbers of volunteers that Volunteer Canada has. You're probably going to tell me how many there are, but how many of them are having to do police checks? Because we're going to be looking at these when we make our final analysis, could you supply us with a number of how many of your volunteers are doing the police checks so we can do an evaluation of how much it would cost in the end? Perhaps there's a way of our looking at somehow making the police check tax receiptable or something. But these are things we have to look at and we need some information from you to be able to do that work.

So if you could do that, it would be very helpful, and with the others as well, if you have any input on that, we'd certainly be interested in it. But I think Volunteer Canada is probably in the best position to do that.

The other thing I'd like your opinion on is that when organizations provide receipts to donors so they can get tax credits and whatnot, is there any way that you see our perhaps expanding the number of organizations that maybe eligible to give receipts? That's the key to really trying to get more donations and get more giving.

So, for example, I know we do for it amateur sport in limited ways, but have you thought about it maybe? Is that potentially something we could tap into?

Anybody? Have you thought about it?

Ms. Andrea McManus: Of course, the definition of charity is embedded in the income tax law and there are four heads to that: relief of poverty, and—

• (1715)

Mrs. Shelly Glover: Yes, and we get all of that.

Ms. Andrea McManus: So I'm not sure that any of us could bring....

Mrs. Shelly Glover: Well, if you thought that we should expand the criteria, for example.... We know what the pillars are because we've been doing the study for a while. But that's where I'm wondering if.... Even after you leave here, if you think, well, maybe if we looked at perhaps expanding the criteria so that the tax benefit could be given to other charities....

Again, I'm just looking for more ideas that we could evaluate. As I said before, we are evaluating the stretch tax credit. We are evaluating the capital gains. Unfortunately, Mr. Mai didn't hear that part when I said it, but nevertheless, we appreciate your support of it.

We're evaluating them, but I'm looking for more ideas because I don't want to end this study without picking the brains of all of the experts and coming up with as many suggestions as possible so that we can actually see this progress.

Please keep that in mind. We'd be happy to take whatever suggestions you have following this—and I'm sorry about the partisanship in committee.

The Vice-Chair (Ms. Peggy Nash): Was there a question? Did you want an answer?

Mrs. Shelly Glover: It was just a comment.

Mrs. Cathy McLeod: Is there time left?

The Vice-Chair (Ms. Peggy Nash): Yes. You have 90 seconds.

Mrs. Cathy McLeod: The last quick question that we haven't actually explored is payroll or at source deductions. It seems very ad hoc. Is there some sort of mechanism? Does it get reported on the T4, let's say, if you donate to the United Way? I just can't recall.

Mr. Owen Charters: Yes, absolutely. We've facilitated payroll giving with third-party suppliers. United Way does it. It's reported on a T4. It's a fairly big program across the country in terms of payroll giving and payroll deductions, especially with larger employers. Absolutely....

Mrs. Cathy McLeod: But have we missed any potential pieces there in terms of our facilitating that as a government?

Mr. Owen Charters: Well, I think there's always the capacity to encourage payroll giving at source, especially with the government being one of the largest employers in the country. It's one of the most painless ways to give.

I don't know if you want to create a differential tax benefit for doing such a thing. For all of these things, one of the things that's most important is the encouragement of charitable giving in all forms. It doesn't necessarily need to be about tax incentives; it's about raising the idea of this value as something that Canadians feel is very important.

Mrs. Cathy McLeod: Thank you.

The Vice-Chair (Ms. Peggy Nash): Thank you very much.

Thanks to all of the committee members for their questions.

Thank you very much to the witnesses for appearing today.

The meeting is adjourned.

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