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29to42

There's a need to increase charitable giving in Canada. Will the federal budget in 2010 take note?

By Dave Quist, Executive Director, Institute of Marriage and Family Canada

No, those aren't the words to the latest rap song, or even a prediction of the number of gold medals that the Canadian Olympic team will win at the Vancouver 2010 Winter Olympics. It's a recommendation by the Hamilton-based think tank Cardus to the federal Minister of Finance to increase the federal charitable tax credit from [29 to 42 per cent](#). This means Canadians donating to charity would get a higher tax refund for every donation they make.

Why is this important?

The answer has several components. Among them are Canada's shifting demographics and creating non-governmental capacity to address social needs and giving patterns after that shift occurs.

Many recognize the strong need to review and update the federal charitable tax credit. In the lead up to the 2010 federal budget, there are a number of proposals being put forward by other think tanks like the Toronto-based C. D. Howe Institute, but also from an umbrella organization that helps Canadian charities, Imagine Canada, and even individuals, like Donald K. Johnson, a senior advisor at a bank in Toronto, among others. [1]

It is well understood that Canada's demographics will be shifting as never seen before in the next 20 to 30 years. [2] Some of the Baby Boomers are now entering retirement, with a significant bulge still to come. [3] This trend has strong implications for the number of people in the workforce, taxes paid and the number of volunteer hours given to charitable organizations.

Research from Statistics Canada shows that "[a]s a whole, (the civic) core consists of 28 per cent of Canadian adults aged 15 and older; (who) account for 83 per cent of total volunteer hours, 77 per cent of total charitable dollars donated, and 69 per cent of civic participation." [4]

A large part of this "civic core" falls within the Baby Boomers demographic. Naturally, as this group ages, they will have fewer disposable dollars available for contribution and they will be less able to physically donate their time. Unfortunately, one of the effects of this demographic shift is the waning of charitable giving. With a few exceptions, the average number of households and annual giving has been decreasing. [5]

The intent of proposals to increase the tax credit is to bolster charitable giving. Government is not the most effective or efficient mode of providing most social services in our communities.

All across Canada there are great examples of community, charitable and faith-based groups that provide excellent services with little or no government support (or interference):

- Hamilton's "Hostels to Homes" program is so efficient that other social agencies in the city have seen significant drops in their shelter occupancy rates. [6]
- Simon House, an addiction treatment centre in Calgary, Alberta, operates one of the most successful programs in Canada, with one of the lowest treatment costs [7]
- Just Beginnings Flowers was awarded the contract to supply the bouquets of flowers for the medalists at the Vancouver Winter Olympics, but their real claim to fame is an apprenticeship program, which assists women exiting from prison, addiction or violence, with new career skills. [8]

With charitable giving decreasing, demographics shifting and greater efficiencies to be found in the "third or volunteer sector," changes to our tax policy, such as the 29to42 initiative are worthy of strong consideration. We're hoping on March 4, when the federal budget is announced that Canada's charitable giving structures will reflect new Canadian realities, and that charitable giving will increase as a result. All Canadians will benefit.

Endnotes

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