• (1720)

Most recently, support has come from the Canadian Commission for the International Year of the Child. In its report tabled May 30 the commission calls for the 50 per cent tax credit and the elimination of the standard deduction in order to strengthen the voluntary sector. The needs of the voluntary sector became clear to the international year commissioners when some 4,000 proposals were submitted for projects of benefit to children. Most had to be turned down. In the commission's view, and I quote:

> In a country that is in need of new and dynamic ways of addressing social problems, the energy and commitment of its concerned citizens should not have to be expended looking for money. In the long run, a small increase in support to the voluntary sector would bring tremendous dividends to us all.

To sum up, this proposed tax reform would achieve four objectives.

First, it would provide a tax incentive for charitable giving to all taxpayers. Under the present tax system many taxpayers have no incentive at all.

Second, it would make the tax incentive as equitable as possible among all income groups. Currently, higher income taxpayers have a greater incentive than lower income taxpayers.

Third, the tax incentive for charitable giving would not be reduced for any taxpayer. By retaining the option of deducting from taxable income, higher income taxpayers would have the same incentive to give as they do now.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman. He may be able to continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Roche: Thank you, Mr. Speaker, and I thank my colleagues; I will only be a moment.

Fourth, and most importantly, the increased tax incentives would strengthen voluntary organizations. Surely this goal will commend itself to hon. members on all sides of the House. I ask hon. members to support this motion because in doing so they will be supporting the lifeblood of Canadian society, those volunteer organizations which so deeply enrich the quality of life in Canada.

It is not in our power during private members' hour to change the tax law, but it is in our power to speak with one voice, to communicate our concern to the government and to urge this tax revision at the time of the next budget. Let us together share today in the creation of a small but very important part of that budget. Let us together speak on behalf of the voluntary sector so that our words will be followed by an action that will truly improve the human condition in our society.

Some hon. Members: Hear, hear!

Mr. John Evans (Parliamentary Secretary to the Minister of Finance): Mr. Speaker, I welcome the opportunity to speak in this debate. The motion serves to remind us of the vitally important work that is done by the voluntary charitable organizations in Canada. And no doubt members of Parliament could use a reminder that we cannot look to government for everything and that action by voluntary groups still plays a vital role in our national community.

On the issue raised in this motion, there has been fairly extensive public interest. Two important briefs have been submitted to the government in recent years, the most recent being a paper in 1978 from the national voluntary organizations representing most of the larger national charitable groups. The proposals by the NVO are reflected in today's motion.

The NVO was concerned about the level of public support for charitable organizations in Canada. I am sure there is general agreement that providing an incentive for charitable giving is a legitimate field for government action. Whatever we do should be measured against three main objectives. First, the incentive should be an effective one. It does not make sense if the cost of the incentive exceeds the additional amount of giving that results. Second, any tax incentive should provide equitable treatment among taxpayers. Finally, the cost to the treasury should not be unreasonable.

The cost of the motion before us is estimated at more than \$500 million in tax revenues forgone by the federal and provincial governments. In effect, it would involve doubling the existing revenue cost of tax incentive support for charitable organizations. At a time when we are worrying about reducing our present federal deficit we should not be thinking about adding another half billion dollars to the combined federal-provincial deficits.

A good part of the cost increase that would be created by this motion would result from the final suggestion in the motion. It proposes that the existing standard \$100 deduction, which now applies to charitable donations and allowable medical expenses totalling less than \$100, should be continued but apply only to medical expenses. The existing standard deduction in effect is an allowance for charitable donations alone, since a very small percentage of taxpayers have allowable medical expenses that they can claim. Thus, a standard \$100 deduction for medical expenses would really mean a new deduction for almost all taxpayers. It would cost a total of about \$250 million to federal and provincial treasuries. And it would do nothing to assist charitable organizations, which is the ostensible purpose of the motion before us.

The other main proposal in the motion calls for a system of tax credits for charitable donations. I recognize that it proposes, as an available option, the continuation of the present system of deductions from income subject to tax. But this option would be relevant only to a small minority of high-income taxpayers. For most taxpayers, a tax credit system is proposed.

I do not propose to discuss at length the suggested credit rate of 50 per cent. Obviously, such a rate would impose a large additional burden on the treasury. If we were to switch