

*Income Tax Act*  
**AFTER RECESS**

The House resumed at 2 p.m.

**Mr. Deputy Speaker:** Order. When the debate was interrupted at one o'clock, the Hon. Member for Waterloo (Mr. McLean) had just been given the floor.

● (1410)

**Mr. Walter McLean (Waterloo):** Mr. Speaker, I am pleased to have the opportunity to participate in this stage of the debate. On Tuesday of this week I listened with interest to that part of the debate which touched upon the voluntary sector, the effect of the Budget speech on the tax measures relating to that sector and its failure to deal with the sector in any significant way. I was particularly interested when the Hon. Member for Ottawa Centre (Mr. Evans) and the Hon. Member for Mississauga North (Mr. Fisher) attempted to interpret after a fashion the give and take tax proposals espoused by national voluntary organizations. As reported on page 156 of *Hansard*, obviously there is confusion about the relationship between the definition of charitable activity and the implementation of the give and take tax credit which would give to charitable activities a job-creating capacity and to the voluntary sector as a whole a decided impetus.

I am not surprised by this apparent confusion because it mirrors the confusion which has been widespread for some time, obviously within the Government and particularly within the Department of Finance, a confusion which stunningly touched the voluntary sector following the April Budget. Hon. Members will recall that the Minister somehow believed they were being supportive of the voluntary sector by announcing the removal of the \$100 standard deduction to make way for what is—and this has been agreed by departmental officials themselves—nothing short of a \$80 million tax grab by the federal Treasury. We had a Budget which referred to equity and growth, a Budget which contained in terms of an entire sector of our community nothing but punitive action and no incentive at all.

Because of the shocking lack of information and because almost nothing has been collected by Statistics Canada on the Canadian voluntary sector, we have to turn to non-governmental sources to obtain trend data on the size and the cash flow of that sector. The best available trend information comes from the United Way-Centraide movement, which represents something in the range of one-quarter of non-religious voluntary action in Canada. We learn from the United Way that our voluntary sector is threatened by the Government's neglect. If we turn to that organization's reporting, we see that from 1970 to 1981 the total funds it raised increased by 100 per cent. However, over the same 11-year period the Consumer Price Index, the cost of living, increased by 144 per cent. Of course, this means that the purchasing power or the real value of funds raised by United Way-Centraide decreased by 31 per cent or almost a third since 1970.

It would be very useful to have definitive data on the entire charitable sector, but the Government has not collected such

information. This statistical neglect emanates from the same Government which had the effrontery in the Throne Speech to mention the massive, diverse and vital voluntary sector, and then go on to make seven references to the importance of the sector having done nothing over the past decade to indicate that it knew it even existed.

Leaders of the voluntary sector—and I would like to quote from the NVO Coalition brief—told the Macdonald Commission earlier this week:

—the best available information suggests that Canada's voluntary sector is in decline.

In the same brief of the NVO Coalition, which includes 125 national groups or the majority of Canada's charities, it was concluded:

To look only at the jurisdiction of the federal government, in several fundamental areas of public policy, government is behaving neither consistently nor supportively towards Canada's voluntary sector. As we approach the 21st century, mere toleration of voluntary action, which characterizes the current behavior of government, will no longer suffice.

If we in the House agree that the voluntary sector has an essential role to play in our country's future, we must begin to address the threats to the viability of that sector in the future. Surely the experts on the subject are those closest to the problem. The leaders in this sector have told the Government and Hon. Members of the House on all sides what needs to be done. We should be listening to them. The key problem before us is now to enable the voluntary sector to expand its capacity or to restore its capacity without increasing its dependency upon already too big government.

The key reason for paying priority attention to this is that the voluntary sector has an increasingly major role to play in responding to the crises of our day, particularly to the unemployment crisis at the moment. Hon. Members of the House should know that, quite apart from the huge amount of voluntary labour they encourage, Canada's voluntary organizations are a major employer of Canadians.

For example, a recent study commissioned and published by the Department of the Secretary of State demonstrated that, excluding all universities, teaching institutions and hospitals, the remaining 40,000 charities employed 173,000 Canadians in 1980. That represents one in six jobs in Canada. Undoubtedly the real figure is larger because not all voluntary organizations are registered charities. Voluntary groups in all parts of Canada have been consistent in what they have been telling Members of the House as well as the Government. They see the essential problem as the unfairness or inequity of the tax treatment of charitable gifts by individual taxpayers. I believe they are absolutely right.

For example, for two taxpayers who each make a \$200 contribution to the Canadian Cancer Society, one with a taxable income of \$50,000 and the other with a taxable income of \$15,000, what does it cost each of them to support the Society? The higher income tax payer deducts the \$200 from his or her taxable income which, as Hon. Members of the House will know, is taxed at a marginal rate of at least 50 per cent depending upon the province of residence. His or her net