

Adjournment Debate

—our suggestion for the removal of this provision (the \$100 standard deduction) was inextricably linked to our proposal for a 50 per cent tax credit for all charitable donations.

As envisaged by the coalition of National Voluntary Organizations, the elimination of the standard \$100 charitable deduction was proposed primarily as a logical means for Governments to realize the revenue which would be required to finance this 50 per cent tax credit. In short, the budget deceitfully ignores the “give and take” concept which I supported in my Private Member’s Motion on June 8, 1980, and which has been put forward repeatedly by the Hon. Member for Waterloo (Mr. McLean).

Incidentally, the Minister of Finance himself supported “give and take” resoundingly in public three years ago. All he wants to do now is to take without any give. The Government’s move is a thinly disguised tax grab which, according to Table 3.2 of The Fiscal Plan, will net Ottawa an estimated \$380 million over the next four years. Yet, according to Mr. Cohen, finance officials have been opposing “give and take” on the grounds that the elimination of the \$100 standard charitable deduction would not yield any significant revenue. They claim that most taxpayers were already giving close to this \$100. Indeed, they even suggested that they would have no hesitation in implementing “give and take” if there was the assurance that the removal of the \$100 deduction would generate the revenue to pay for it. They cannot have it both ways, Mr. Speaker. Moreover, given Government’s well-known reluctance to forfeit a tax field once it has been occupied, charitable organizations have lost their strongest, self-financing card for pushing for “give and take”.

From a narrow point of view, the idea of a charitable tax credit is much more progressive than that of personal tax exemptions which are based on marginal tax rates. Much more fundamentally, “give and take” would give real incentives to contribute to charities, providing the nation’s voluntary sector with a badly needed firm financial foundation. Otherwise, they will be dependent on Government handouts, leaving all kinds of room for arbitrary and inefficient Government interference. This is especially worrisome at a time when the position of the voluntary sector remains tenuous, particularly in terms of the definition of a charity having regard to political activities.

In brief, this budget, Mr. Speaker, ignores the social and economic contribution which 47,000 registered charitable organizations make to Canada. They provide 175,000 jobs, more than the construction industry, with an annual wage bill of \$1.7 billion and total revenues of \$5.6 billion, which is fully 3 per cent of the GNP. And these jobs are labour-intensive by nature, giving work to the disadvantaged, such as women, youth, part-timers and so on. The voluntary sector creates one

full-time position at a cost equal to one-third of that required for the federal Government. Why have these facts been ignored in a budget premised on fighting unemployment? Why does this Government refuse to give charities in this country their rightful place in the sun? Why has the Minister of Finance not brought in the “give and take” proposal?

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I appreciate the opportunity to comment. May I begin by quoting from the official briefing note I was given by the Department on this issue. The Department of Finance is currently undergoing careful study of this and alternative structures for charitable contributions. Until the study is completed it will not be possible to ascertain fully the relative merit of a flat credit or any alternative structure.

There seem to be three or four very important technical concerns at stake here, Mr. Speaker. First, we are concerned that a tax credit could easily turn into a disincentive. Tax credits, unless they are at a very high level, will not stimulate the people who traditionally give to certain types of charities. Education, arts and culture particularly, are charities which are sensitive to high income givers. A low tax credit will not be an effective stimulant for people in those income brackets. What we are looking at is a 50 per cent or higher tax credit which is needed in these areas. In order to finance that we would have to pay a minimum of \$100 million in foregone tax revenues. This would also involve considerable complexity with regard to the income tax form, and there would be a need for federal-provincial agreements. None of these technical questions have been answered yet. The Department is taking them seriously but they do not have a ready, quick-witted answer to give the Hon. Member when he asks his question.

I would say, however, that the standard deduction was ended for two other reasons. First, it is not intended to be simply an extension of the personal deduction. Second, we were advised by charities that many people were using it that way rather than as an incentive or convenience to charitable giving. We wanted to move this issue along, we did not want to sit on it. We have listened to the charities and, as the Minister said to the Hon. Member yesterday, charities got half of that for which they were asking. I hope the Member will take our assurances that the other half is taken seriously, but we simply do not have ready answers for all the complexities.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o’clock.

At 6.24 p.m. the House adjourned, without question put, pursuant to Standing Order.