

Recommendations to Standing Senate Committee on Banking, Trade and Commerce

December 2004

Health Charities Coalition of Canada
Suite 430, One Nicholas Street
Ottawa, ON K1N 7B7
www.healthcharities.ca

Good Morning Mr. Chair and members of the Committee

Thank you for the opportunity to appear before you on behalf of the Health Charities Coalition of Canada. I am Sally Brown; I am before you as a volunteer and member of the Steering Committee of HCCC. I am also the CEO of the Heart and Stroke Foundation of Canada.

Health Charities play a number of key roles in our health care system through research, public education and direct delivery of service. In research we are a co-funder with the government on some of the most important leading health research in the world. In public education, we provide leadership in lifestyle change for prevention, in early detection and quality of life. In service delivery, health charities are part of the vast network of services that care for people before they get to the hospital and after they leave the hospital. The voice of health charities is clear and sounds in all hallways of our health care system, we bring the voices of the patients and users of our system to every facet.

The Health Charities Coalition of Canada represents national health charities by providing a strong unified voice on issues of shared concern to our members and Canadians. Our members currently make up 15 of the largest and strongest organizations in Canada, for example,

The ALS Society,
Canadian Cancer Society;
Heart and Stroke Foundation of Canada;
The Foundation Fighting Blindness; and the
YMCA Canada

We bring together a wealth of knowledge, expertise, experience and resources. The national health charities that belong to the HCCC are committed to improving and strengthening the health of Canadians – a goal that we share with the government of Canada.

Canada's voluntary sector is impressive. I am sure that you have heard from the Canadian Centre for Philanthropy the impressive data on who we are and our impact on the economy. More than 8 Billion dollars is given in individual donations to charities and non-profit organizations to provide the vast array of services, programmes and products that Canadians have come to depend and trust. ¹

Health Charities are vital to the health of Canadians. The reason that a cardiac patient arrives alive at the hospital, may be that a bystander applied CPR, a program of the Heart and Stroke Foundation that they learned from St. John Ambulance. The reason that patients can leave hospital in record time is because of the services that they get at home and in the community, from groups like the VON.

Recommendations: The enhancement to charitable tax credits that have been made over the past years have been resoundingly effective, and we are asking you to

¹ NSNVO 2004

continue this great work and apply what we have learned together in a five specific areas.

- 1. Enhancement to disability tax provisions**
- 2. Extension of “permission to accumulate” opportunities to include research**
- 3. Extension of Capital Gains provisions to include gifts of Real Estate**
- 4. Exploration of tax incentives to support increases in modest gifts**
- 5. Exploration of tax incentives to support increases in corporate giving**

Disability Tax

We recognize and thank the work that the government is currently addressing with reviewing and amending the Disability Tax credits as it relates to the Income Tax Act. Section 64 currently allows a deduction for the cost of an attendant where a person eligible for the disability tax credit earns business or employment income or attends school. The proposed legislation will include attendant expenses as well as other disability support expenses incurred to enable the taxpayer to work, or attend school.

Currently however, the proposed amendments within Section 64 provide for specific types of expenses. We believe that commuting expenses should be considered.

Given the current development and rapid advancement of technology and innovations as it relates to support devices, it should be considered that as approved by the government, they are then eligible for deductions.

The attendant care deduction remains in Section 64. It still provides that expenses paid to an attendant to enable an individual to work or attend certain educational institutions is deductible (within certain limits), but does not entitle the taxpayer to pay his or her spouse or common law partner. The taxpayer should be able to pay his or her spouse or common law partner. Section 67 of the Act limits the amount to a reasonable amount if the concern is one of reasonability. This inclusion would support the economic independence of the disabled community, and strengthen the economy of Canada.

Recommendation: 1.) Expenses for transportation to work or to the place of education, including parking should be deductible. 2.) A statement within all legislation that allows expenses to be added as innovations and technology advances approved. 3.) The taxpayer should be able to pay his or her spouse or common law partner.

Permission to Accumulate

The 80% disbursement rule currently covers all annual donations including grants by charities to fund and support medical research. Private non-profit organizations provided almost \$400 million in health research support in 2001.² Much of this investment came from individual donations. A charity must disburse 80% of its receipted donations in any given year. There is no easy way for a charity to accumulate funds for large multi-year projects or for collaborative projects, a challenge that can compromise strategic approaches to funding innovation.

² Statistic Canada, *Service Bulletin: Science Statistics*, 2002, vol. 26, no 4

A charity can apply for “permission to accumulate” for capital campaigns, buildings and equipment, but not for multi-year research grants.

Recommendation: Amend the legislation to allow charities to apply for “permission to accumulate” for special designated research funds.

Capital Gains

HCCC supports the continued legislation for reduction of capital gains tax for gifts of stocks. Due to the fact that Canadians (and an aging population) have increasingly more of their assets in property, it makes sense to extend the rationale of capital gains, which are currently allowed for stocks and shares to property and real estate investments.

Recommendation: Include property and real estate investments in the current legislation for capital gains.

Modest gifts

In 2003, less than 25% of Canadians claimed charitable donations on their income tax. Of this, the median donation was \$220.³

Recommendation: To explore the opportunities to provide enhanced tax measures to encourage increased giving from those who are providing modest gifts. This could include waiving the requirement for submitting a charitable receipt for claiming gifts of \$250 or less.

Corporate Giving

Corporate giving in Canada provides 3% of the total revenue to charities and non-profit organizations.⁴ In 2000, this was equivalent to 1.03% of the corporate donations as a percentage of corporate pre-tax profits⁵. Corporations in Canada have provided strong financial support to local, regional, and national charities, and have evolved significantly in developing a strong sense of corporate social responsibility.

Recommendation: That the government explore opportunities to enhance corporate tax credit to enhance the opportunities for corporate giving.

To close, the government has an opportunity to take a strong leadership role in these areas. It can successfully do so in partnership with health charities and the voluntary sector as a whole. We can be involved in a real and tangible way in strategic health planning, incentives for charitable giving and social and tax policy development. Together we can strengthen the health of all the people of Canada.

Thank you for your attention.

³ Statistics Canada Website, *The Daily* Thursday, November 4, 2004 “Charitable Donors”

⁴ NSNVO 2004

⁵ Imagine Website www.imagine.ca Statistics on Corporate Giving in Canada 1988-2001