

# Charities need more help from federal government amid pandemic

With the federal government facing an increasing deficit piled up by spending on COVID-19 relief measures, a Christian think tank says Ottawa must do more to help charities survive the effects of the pandemic.

Cardus says the government can help without significantly adding to the already staggering \$343.2-billion deficit projected in a fiscal snapshot released by Ottawa July 8, although the organization wants more than a billion dollars pumped into Canadian charities' coffers over the next four months.

A Cardus analysis of the pandemic's economic impact on the government's long-standing tax credit program for charities calls on Ottawa to match all donations made to Canadian charities on a one-to-one basis for four months, capping the federal amount at \$1.25 billion.

When married with the donations made directly to charities, it would mean up to a \$2.5-billion injection of cash to the charity sector.

Cardus' vice-president of external relations Brian Dijkema told Canadian Catholic News that charities are the "glue" that helps hold the social fabric of Canada together and the fiscal crisis charities are now facing could have long-term consequences if they are not given more support.

Dijkema said it is understandable there is concern about the implications of an ever-expanding federal deficit and accumulated debt for the future, but Cardus' fiscal analysis of the existing tax credit program for charities indicates the actual new cost to the federal treasury of the proposed one-for-one donation matching program could be as low as \$250 million.

"I understand people can be concerned about the size of the deficit and debt, and I am one of them," he said. "But a lot of this money was already budgeted for."

According to the Cardus analysis, "the Charitable Donation Tax Credit will be \$521 million to \$1,042 million (\$1.04 billion) lower than the federal government projected for 2020. Up to 80 per cent of the cost of the proposed matching donations program can be covered by those savings."

"The federal government has the financial room to create a charitable donation matching program that would inject a game-changing \$2.5 billion into Canada's struggling charitable sector," Dijkema said.

"But the government needs to act now if it wants to help charities big and small not only survive COVID-19, but thrive after the crisis is over.

"You already put that money into the budget, so why not make sure that money goes to charity," Dijkema said in a phone interview, adding a donation matching system is also a fair way to distribute money to charities.

"You don't get the money unless you raise the money," he said.

The Cardus report adds to an ongoing call by the Canadian Council of Christian Charities and non-religious organizations for the federal government to help Canadian charities survive the fiscal crunch they are facing during the pandemic.

Statistics from Imaging Canada, a charities support organization, indicate the charitable sector is facing widespread economic challenges without more direct support, even though wage subsidies and targeted funding for food banks, women's shelters, and seniors have been announced by the federal government.

David Lasby, director of research for Imagine Canada, said the pandemic's impact on charities is "significantly damaging the financial and human health" of Canadian charities.

"Charities across the sector are reporting revenues down markedly, with significant layoffs in progress and more on the horizon," he said.

In a June open letter to Prime Minister Justin Trudeau from Imagine Canada, the organization estimates "the projected financial losses for registered charities alone to be between \$9.5 billion and \$15.7 billion."

"We are writing to express our deep and growing concern that the federal government has yet to propose policies or assistance aimed at helping charities and nonprofits face COVID-19," the open letter to the prime minister by Imagine Canada CEO and president Bruce MacDonald said. "This ongoing gap jeopardizes the services and support communities need as Canada seeks to recover from this crisis."

According to the Cardus fiscal analysis, Canada's charities "need a crucial lifeboat" and the charitable sector is "essential in helping those in need through the economic, social, and emotional hardships of the pandemic. But the sector is reeling from the effects of COVID-19 on its revenues, and this is why government partnership is needed."

"The Christian ideal has always been to urge people to work together for the public good," Dijkema said. "To give of yourself for the betterment of all and that is very much what the ideals of charities are too."