



# EFC

The Evangelical Fellowship  
of Canada

**2012 Federal Pre-Budget Submission  
House of Commons Standing Committee on Finance**

**Families, Compassion & Charities:  
Key Components to Maintaining a Strong  
Canada**

**February 14, 2012**

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## **2012 Federal Pre-Budget Submission (February 14, 2012)**

### **Families, Compassion & Charities: Key Components to Maintaining a Strong Canada**

*The Evangelical Fellowship of Canada (EFC) does not generally engage in the number crunching of the government budget process. But we do believe that a budget is, fundamentally, a moral document in which the nation's leaders decide what is "right and wrong" for public expenditure, and as such that Biblical principles are relevant to the budgeting process. Biblical principles inform us, and the EFC's Centre for Faith and Public Life applies those principles to concepts for public policy initiatives that we believe to be of benefit to the nation.*

In establishing a course for the future through the priorities of the 2012 federal budget, The Evangelical Fellowship of Canada urges the Government of Canada to consider and address three key building blocks of our nation. These three have been key to building the Canada of today, with a reputation that is the envy of the world. These three remain key to the success and strength of Canada's present and future as well.

1 – Families. The stability of Canadian families underlies and evidences the stability of the nation.

2 – Compassion. Our long history of compassion toward the less fortunate, at home and abroad, testifies to the heart of the Canadian people.

3 – Charities. Canadian charities, particularly religious charities, have been significant in the development of Canada's health, education and compassionate response mechanisms and continue to be vital to the life of Canadians and Canadians' expression of compassion toward those in need.

### **The Evangelical Fellowship of Canada**

The Evangelical Fellowship of Canada (EFC) is the national association of evangelical Christians, gathered together for influence, impact and identity in ministry and public witness. Since 1964, the EFC has provided a national forum for Evangelicals and a constructive voice for biblical principles in life and society. In addition to 39 evangelical denominational affiliates and 5 observing denominations, the EFC affiliates include 76 ministry organizations, 34 educational institutions and close to 1,000 individual congregational affiliates. The EFC is an active participant in the World Evangelical Alliance – an organization of 128 national and seven regional alliances, with 104 associate members and 11 global partner international organizations.

## **Families**

Canada is sound because of the strength of Canadian families.

The Bible teaches that the family is to provide physical, emotional and spiritual care for its members as it prepares them to serve God, other persons (including civic responsibilities in municipality, province and nation), and creation. In this way, the family is a microcosm of a healthy society. Families have been and remain the cornerstone of any successful nation, but even a rock can be eroded and lose its structural integrity. As every Canadian knows, given time, salt can be as destructive as a sledgehammer.

Canadian families are facing mounting challenges in the early twenty-first century, including the fiscal realities of a challenging economy. We know that the primary stressor on marriage, and by extension the family, is money. Many Canadian families have experienced increasing expenses while either having wages frozen or salary increases that don't keep up with inflation. Progressively eroding the family budget have been: increases in municipal, provincial and federal taxes and premiums; rising costs of housing and associated expenses such as electricity, telephone service and internet access; and, the realities of climbing prices for food, gasoline and other staples.

The Government of Canada is applauded for steps taken in recent years to support Canadian families, including: the Universal Child Care Benefit, the Child Tax Credit, the Children's Fitness Tax Credit and Registered Education Savings Plan among others. And there is more to be done. In addition to doubling the Children's Fitness Tax Credit, introducing the Children's Arts Tax Credit and other initiatives, the Government's campaign platform from the 2011 federal election proposes the Family Tax Cut as a form of household income splitting that will be available when the federal budget is balanced.

Current tax laws penalize single income families – the very ones who often struggle the most financially – by requiring them to pay up to 37% more than dual income families earning the same amount.<sup>1</sup> However, Canadian families are facing pressure today and balancing the budget is an aim for 2014-15 and goal for either 2015-16 or 2016-17, depending on cost savings that can be found in the interim. Canadian families need the relief today.<sup>2</sup>

As stated in the analysis of Jack Mintz, summarized in *Taxing Families*:

Canada has an ambiguous approach to family taxation and no clear application of principle has evolved over time. This has resulted in inequitable tax treatment for families with the same earning power. Raised 40 years ago by the famous 1966 Carter Report, which argued for equal treatment for families, still today, a single-earner family pays much more tax than two-earner

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<sup>1</sup> Jack Mintz. "Taxing Families: Does the System Need and Overhaul?" *The IMFC Review* (Spring/Summer, 2008): 15. ([http://www.imfcanda.org/article\\_files/b.pdf](http://www.imfcanda.org/article_files/b.pdf) accessed February 7, 2012)

<sup>2</sup> Bill Curry and Karen Howlett. "Tories push back date for balanced budget." *The Globe and Mail* (November 8, 2011). (<http://www.theglobeandmail.com/news/politics/ottawa-pushes-back-date-for-balanced-budget/article2229577/> accessed February 7, 2012)

families. This is an issue that should be corrected, and this can best be achieved by providing opportunities for families to split income more readily.<sup>3</sup>

Government has been, but should not be the beneficiary of fiscal imbalance in household income earners. Income splitting ought to be available to all Canadian families – dual income and single income, those with children (or other dependants) and those without – as a measure of economic fairness. In the current economy, it will also help many who have seen their wages stagnate and then experience erosion by inflation. It could well keep several families from being forced to remove their children from after school activities, such as sports and arts programs; finding themselves unable to keep their homes; or slipping into the ranks of Canada's working poor, lining up at food banks and soup kitchens to make ends meet.

Keeping Canada's families strong financially will keep Canada strong. Community, school and church have our parts to play in securing the strength of Canadian families. We call upon the Government of Canada to do its part as well. The economic health of the nation depends on it.

**We encourage the government to implement the Family Tax Cut immediately and to focus on expanding the initiative to a full family household income splitting initiative.**

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<sup>3</sup> Taxing Families, 1

## **Compassion**

Canadians have long been highly regarded worldwide for the well-earned reputation of both our citizens and government as being compassionate toward the less fortunate both at home and abroad.

The realities of a struggling global economy have impacted many who have slipped into poverty or were already there, often for reasons beyond their control.

In his letter to the Galatians, the apostle Paul notes a key feature of his work that was approved by other leaders, “that we should continue to remember the poor” (Galatians 2:10). We encourage the Government of Canada, in developing policies and budgets, to also remember the poor; those in less fortunate circumstance, often for reasons beyond their control. We know Christians will remember the poor; as reflection on the Bible leads us to prayer and other practical action.

The Evangelical Christian community is actively engaged with the lives of people struggling with poverty and homelessness, both in Canada and internationally, through the efforts of individuals, congregations, denominations and a variety of Christian ministry organizations. The relationship building and service that is undertaken is consistently delivered on a non-discriminatory basis to those in need. While many efforts are entirely self-funded, others take place in cooperation with the compassionate expression of Canadians through government funding and available tax incentives.

### **Canadian Poverty and Homelessness**

The Government of Canada is applauded for initiatives designed to help prevent Canadians from slipping into poverty and assisting those who have, including: support for low-income seniors; reducing the tax burden on the businesses that create jobs, particularly small and medium size businesses; enhancing the work-sharing program; investments in skills upgrading programs; and, infrastructure renewal programs along with other elements of the Economic Action Plan; as well as, the Working Income Tax Benefit, the Homelessness Partnering Strategy and partnering in the Housing First initiative.

The Canadian Christian community has long been a leader in caring for the less fortunate in Canada. From church groups inspired to serve sandwiches on a local street corner to those offering a place of refuge in extreme cold or heat or the operation of multi-million dollar addictions rehabilitation centres, hostels and food service programs, love is shared in practical expression that meets human need.

In June 2003, Street Level: The National Roundtable on Poverty and Homelessness was established as a self-directing partnership operating under the auspices of The Evangelical Fellowship of Canada.<sup>4</sup> StreetLevel is composed of experienced leaders from significant Canadian Christian organizations and programs from across the country that work among our nation’s poor and homeless and are dedicated to addressing systemic, sociological, economic, cultural and spiritual deficits that

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<sup>4</sup> StreetLevel (<http://www.evangelicalfellowship.ca/page.aspx?pid=337> accessed February 7, 2012).

contribute to poverty and homelessness in Canada. Some of these organizations have well over a century of positive contribution in working with the less fortunate in Canadian society.

Faith-based groups such as the ones that make up Street Level have the infrastructure and expertise to multiply the effect of government funds in the delivery of service (through, for example, adding the value of charitable donations and committed staff and volunteer service). As a service provider to poor and homeless citizens, second only to government, faith-based charities and their communities offer a significant experience-based resource to government. We encourage that this experienced and valuable resource be accessed in the formulation of appropriate and effective programs.

**We affirm the value of the *Homelessness Partnering Strategy* and *Housing First*, and encourage that the government maintain and extend its commitment to these strategies.**

**We also affirm the recommendations made in the 2011 report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (the HUMA Committee) “Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada.” The existing initiatives along with the recommendations of the HUMA Committee provide a foundation for the federal government to use its unique gathering power, along with other appropriate federal funding initiatives, to:**

- **establish a national poverty reduction strategy that includes an array of measures, targets, timelines and measurables; and,**
- **develop, in partnership with the provinces and territories, a national housing strategy that is clearly defined.**

Members of Parliament from all three national parties arrived in the HUMA report at conclusions that affirm those in the 2009 Senate report “In from the Margins: A Call to Action on Poverty, Housing and Homelessness.” Canada’s most vulnerable are in need of a federally coordinated strategy that will provide standards to make more effective use of the time, efforts and funds of Canadians – those funds provided individually and through the municipal, provincial and federal levels of government.

#### *International Development and Aid*

Canadians – government, NGOs and individual citizens – are recognized as among world leaders in international development and emergency aid delivered in response to alarming disaster.

The Government of Canada is applauded for continuing overseas development assistance provided through the Canadian International Development Agency (CIDA); the Crisis Pool Quick Release Mechanism (including established matching fund partnerships with identified Canadian charities); and, the Muskoka Initiative on Maternal, Newborn and Child Health.

Canadian Evangelicals have long engaged individually, organizationally and with the federal government in partnering to improve the quality of life for those living in developing nations. In a manner similar to work with the poor and homeless in Canada, these efforts have stretched government contributions to

greater impact. The 34 members of the Canadian Christian Relief and Development Association (CCRDA) sent over \$537,000,000 overseas in 2010, of which only \$32,400,000 (6%) was CIDA funding accessed by 17 different agencies. Additional funds were expended by Christian churches and denominations that are not members of the CCRDA.

**As the Government of Canada considers expenditures for overseas development and aid, we encourage that the evaluation be guided by consideration of Canada’s continuing prosperity relative to other nations, the generosity of Canadians, the quality of the work undertaken by Canadian organizations overseas and CIDA’s assertion that “the need for humanitarian assistance is increasing due to the greater frequency and impact of weather-related natural disasters, and to the complex humanitarian situations...”<sup>5</sup>** Certain initiatives are required to address crises, but others are required to avoid crises.

**The Government of Canada is encouraged to continue to work cooperatively with organizations that have positive impact on the ground in foreign nations: continuing to provide incentives for Canadians to give; strategically matching donor dollars where appropriate; and reflecting Canadians’ generosity in the financial expression of our federal government.**

Canadians are a generous people. We also desire to attain the maximum benefit from our investment of time, effort and money both at home and abroad. We know the Christian Church is accepting increasing responsibilities in meeting the needs of the poor, and government at all levels is engaging as well. We call upon the Government of Canada to use powers granted it uniquely in our constitution to help facilitate better coordination of those efforts.

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<sup>5</sup> “Canadian International Development Agency Report on Plans and Priorities for the Period Ending March 31, 2012.” Canadian International Development Agency (2012): 12.

## Charities

Government of Canada encouragement for the charitable sector provided through incentives in The Income Tax Act and regulations have enhanced the already generous nature of Canadians to give in support of the organizations, many of them Christian, that have played a key role in building the character of our nation and developing the institutions that have become key in expression of our caring nature – continuing to innovate as well as to operate many of them.

While Canadian tax filer's claims for charitable giving rebounded to \$8.3 billion in 2010 from \$7.8 billion in 2009, they were still off the record \$8.6 billion that Canadians gave in 2007. Registered charities have legal limits on their ability to accumulate assets that might see them through a dry spell in giving and the swings in income clearly ended the run for some charities – 1,636 in 2010 – and it also affected the capacity of others to carry on operations.<sup>6</sup>

All Canadians have an interest in what motivates charitable giving and how these motivations can be strengthened. At a time when all levels of government – school boards, municipal, provincial and federal – are talking austerity and restraint it is increasingly important that the charitable sector be supported as it is called upon to rise to what can reasonably be anticipated will be a growing need for the sector's services.

What motivates people to give? Statistics Canada (StatCan) identified the six top reasons Canadians offer for making a financial donation: Feel compassion toward people in need (90%); To help a cause in which you personally believe (86%); To make a contribution to the community (80%); Personally affected by the cause the organization supports (62%); To fulfill religious obligations or beliefs (32%); and Income tax credit (23%)<sup>7</sup> We know from the same study that the more people give the more likely they are to seek a tax credit. Further, irrespective of the amount Canadians give, slightly more than half say they would increase their charitable giving if they were given a better tax credit.

With these as the reported motivations, who then are the most generous givers? Giving tends to increase with age, education, and ... attendance at religious services.<sup>8</sup>

Of those who attend religious services at least weekly, 49% will be what StatCan calls "top donors" compared to only 15% of those who attend religious services less often.<sup>9</sup> Why might this be? Religion, and we'll speak specifically about Christianity in this instance, promotes the kinds of virtues that nurture the motivations that that Canadians say motivate them to give. While, as a Christian, you might say you have a religious motivation to give, that same faith will encourage compassion, supporting causes you believe in (e.g. relief of poverty), contributing to your community (the Bible directs that we engage in the good of the place we live) and, often, having been personally impacted (e.g. support through

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<sup>6</sup> Charities Directorate.

<sup>7</sup> Michael Hall, et al. "Caring Canadians, Involved Canadians: Highlights from the 2007 Canada Survey of Giving, Volunteering and Participating." Statistics Canada (2009):31.

<sup>8</sup> Caring Canadians, 19.

<sup>9</sup> Caring Canadians, 20.

personal difficulty such as addiction rehabilitation). Having many and layered motivations to give strengthens the behaviour and makes it more enduring.

Those who attend religious services weekly or more give 3.5 times more to charity than those who don't. A study by Kurt Bowen based on the first wave of StatCan's charitable giving research found that Conservative Protestant (a rough sociological equivalent for Evangelical) weekly attenders gave 72% more to charity than weekly attenders of all faiths as a group.<sup>10</sup> This generosity isn't confined to religious causes. Bowen found that Evangelical donors gave 27% more to non-religious causes than non-Christians, and that weekly attenders, slightly less than one fifth of the population, nevertheless gave 31% of the value of all donations made to non-religious charitable organizations, a pattern that persisted through the 2007 study.<sup>11</sup> A lively religious faith produces charitable citizens whose charitable concern goes far beyond their immediate religious community.

The positive charitable giving patterns associated with high levels of religious participation carry over into volunteering as well. Those who attend religious services weekly are 53% more likely to volunteer than those who don't.<sup>12</sup> Moreover, these weekly attenders who make up 17% of the population, provide 35% of the total volunteer hours and 23% of the volunteer hours with non-religious organizations. Weekly attenders are more likely to be top volunteers (the 25% of the population that did the most volunteering) than non-attenders.

So what then is the charitable benefit of religion? The charitable benefit of religion is that it creates broadly generous citizens, without whose generosity the charitable sector would be substantially diminished.

"Advancement of religion" has long been recognized at common law as a charitable purpose; and under the Income Tax Act and its related guidelines from the Canada Revenue Agency has been accepted as being more than sharing one's faith for the purpose of educating or proselytizing or attendance at Sunday-go-to-church meetings in a congregational setting. For the Evangelical Christian (and others), who understands reasonable worship to include both the church service and community service, "advancement of religion" has been recognized as including the ability to engage in the public square. This engagement takes place through the provision of benevolent services to others (feeding, clothing and housing the poor; half-way houses for those released from prison; hospice care; international development and emergency aid, etc.) and the presentation of biblical-principle-based positions on public policy matters and other issues of concern. Among other initiatives, Christians and Christian organizations (and I'll gladly acknowledge the role of the EFC in these initiatives inspired to care for and protect the vulnerable) have led the charge in Canada establishing child pornography as a crime in 1993, human trafficking as a crime in 2005 and raising the age of consent to sexual activity with an adult from 14 to 16 years of age in 2008.

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<sup>10</sup> Kurt Bowen. "Religion, Participation, and Charitable Giving: A Report" Volunteer Canada and The Canadian Centre for Philanthropy (1999):45, table C-VIII.

<sup>11</sup> Bowen, 48, table C-XIX and Caring Canadians, 25.

<sup>12</sup> Caring Canadians, 43.

There are several challenges facing the charitable sector as Canada's population ages and economic realities create week to week and month to month financial pressures. Several of these challenges will be met through Evangelical Christian charities that benefit from the biblical motivation to give for the care of others and, along with other charities, from the encouragement provided through government incentives.

While the value of charitable giving and volunteering rises with income this is only part of the story. Canadians with incomes of less than \$20,000 on average gave 1.6% of their pre-tax income to charity compared with 0.5% for those with incomes of \$100,000 or more. In fact the more Canadians make, the smaller percentage of it they tend to give away.<sup>13</sup> When it comes to volunteering, however, the opposite is true. The more you make the more hours you tend to volunteer. Those with modest incomes spend more of their time working to provide for the necessities of life leaving few hours available for volunteering. These patterns have obvious implications for tax-credit policy. Canadians give, both financially and in volunteer hours, out of what they have left over after they have provided the necessities of life for their families. When Canadians of modest incomes are financially squeezed they will have reduced capacity for giving and for volunteering. Tax credit policies that leave more money in the hands of Canadians with modest incomes will have a substantial impact on the resources made available to the charitable sector.

**The Evangelical Fellowship of Canada encourages the Government of Canada to give serious consideration to the proposals made by Cardus, Imagine Canada and others to enhance Canadians' incentives to continue in their generosity toward others.** At the same time, we have confidence that those who are motivated in their giving by principles of faith will continue to give regardless of the outcome of the current deliberations. And, we have confidence that Christian charities – whether churches, providers of focused benevolence or those offering proposals and comment on public policy – will continue to contribute, to a strong Canadian society.

Families, Compassion and Charities have helped to build a strong Canada and attention to their needs will help maintain a strong Canada into the future.

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<sup>13</sup> Caring Canadians, 20.