



**Looking into and out for Canada's charities and nonprofits**

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**Examiner et renforcer des organismes de bienfaisance et sans but lucratif au Canada**

November 12, 2010

Mr. David-Andrés Novoa  
Committee Clerk  
Standing Committee on Finance  
House of Commons  
131 Queen Street  
Ottawa, ON K1A 0A6

Dear Mr. Novoa:

As per your recent message requesting brief outlines from organizations wishing to testify about Bill C-470, please find attached Imagine Canada's submission.

As a national umbrella for charities and nonprofits of all sizes, working in all sub-sectors, and active in every part of Canada, Imagine Canada can provide the Standing Committee on Finance with a broad and comprehensive perspective on Bill C-470.

We look forward to hearing from you soon.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcel Lauzière", with a long horizontal flourish extending to the right.

**Marcel Lauzière** | Président et directeur-général | President & CEO

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**Position Statement on Bill C-470  
submitted by Imagine Canada**

Imagine Canada is a national umbrella organization for charities and nonprofits in Canada, working in areas as diverse as arts, health, education, sports, social services, the environment, and international development. We regroup 1,400 member organizations and provide services and supports to thousands of charities and nonprofits across the country. Since learning of Bill C-470, Imagine Canada has played a lead role in educating affected organizations across Canada about the Bill and making Members of Parliament aware of its serious implications.

Bill C-470 has two main components: a \$250,000 annual limit on the compensation that could be provided to any employee or executive of a charity, the violation of which could lead to the loss of charitable status; and new reporting and disclosure requirements.

Imagine Canada is firmly opposed to the proposed compensation cap, both as a matter of principle and for practical reasons. Charities are governed by independent Boards of Directors, which have fiduciary obligations to make decisions in the best interest of the organization, including those concerning compensation. Bill C-470 would undermine the autonomy and role of these volunteer Boards. The proposed cap is also highly discriminatory, in that no other economic sector faces such a limit on its freedom and independence – regardless of the amount of public support they receive through tax expenditures or direct investment.

The practical difficulties with the proposed compensation cap include, among many others: undermining many charities' current or future aspirations to attract and retain global talent even as the sector increasingly requires highly skilled individuals to lead multi-faceted, multi-stakeholder and highly complex organizations through periods of growing or changing demand; forcing charities to choose between violating existing collective and individual agreements or the prospect of deregistration; and requiring the creation of a new bureaucracy, with all its related costs and complexities, to deal with cases of non-compliance.

Imagine Canada is strongly committed to transparency and accountability. We believe that the current CRA disclosure provisions which make available publicly the compensation ranges for the ten most highly compensated staff of each charity and which came into full effect after the introduction of this bill, largely provide the required disclosure for donors and decision-makers, particularly when combined with other publicly available information on the T-3010 forms and from charities themselves. We are prepared to discuss further administrative changes that could address outstanding concerns.

If, however, MPs feel it necessary to legislate the disclosure of charity leaders' specific compensation, there are practical issues with the transparency provisions as drafted. For the vast majority of charities with five or fewer staff, all employees – regardless of how high or low their compensation is – would see their details published; the public policy benefit of this needs to be weighed against the invasion of privacy. Publication of exact details could put some individuals' safety at risk – particularly those working in the international development field who often find themselves in some of the world's most dangerous places, and those working, for example, in domestic abuse shelters, where staff anonymity can be a critical security measure. Consideration also needs to be given as to whether or not CRA's reporting systems are able to compile or report data in the manner envisioned by Bill C-470, particularly in light of concerns the Auditor General has already expressed about CRA's information technology systems and capacity.

Having studied in depth and consulted widely on the Bill, Imagine Canada is in a unique position to bring the Committee a broad perspective reflecting the views of charities of all sizes, from all regions, and from all sub-sectors.