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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order.

This is the 51st meeting of the Standing Committee on Finance, and I want to thank all the witnesses who are appearing today.

Pursuant to the order of reference of Wednesday, April 21, 2010, we are continuing our study of Bill C-470, an act to amend the Income Tax Act. We have two panels here today of seven organizations or presenters, so we do have a lot of people to hear from.

We have the Canadian Conference of the Arts; the Association of Canadian Community Colleges; Mr. Gary Bizzo as an individual; the Ontario Hospital Association; l'Association des universités et collèges du Canada; the Canadian Red Cross; World Vision Canada.

[Translation]

You have five minutes to make your presentations.

[English]

We will start with the Canadian Conference of the Arts. If you would keep your presentation to five minutes it would be greatly appreciated.

Thank you.

Mr. Alain Pineau (National Director, Canadian Conference of the Arts): Thank you, Mr. Chair.

Good afternoon, members of the committee. My name is Alain Pineau and I'm the national director of the Canadian Conference of the Arts. Thank you for giving me the opportunity to present our views on Bill C-470.

The CCA is the oldest and most broadly based cultural umbrella organization in Canada. The CCA provides a national forum for the entire arts, culture, and heritage community, from all disciplines and regions. Our membership reaches over 300,000 artists, creators, and cultural workers.

The CCA fully supports the objectives of transparency within the structures of charitable organizations in Canada, but it is our opinion that Bill C-470 is fundamentally unnecessary, intrusive, and ill-conceived. Like other members of Imagine Canada, we rejoice in the fact that the sponsor of the bill has proposed to drop the controversial cap on salaries. This suggestion was certainly the most intrusive aspect of the bill. While it may not affect many organizations in the cultural sector, salaries of over \$250,000 are rarely found in our arts

sector. We all object to this unjustified intervention of the government in the governance of civil society organizations.

In our view, the second aspect of the bill remains objectionable, even after the proposed amendment to establish a \$100,000 floor on salaries to be made public. Again, this would not apply to many people or organizations in the arts sector, but it is our opinion that it remains intrusive and unjustified. A large number of organizations in the arts, culture, and heritage sector have the status of charitable organizations. However, the vast majority receive only a small percentage of their revenue from donations. Very few arts, culture, or heritage organizations receive even 10% of their revenue from charitable donations.

Take the CCA's own case. Over the past three years charitable donations have contributed a small but much needed 1% of the total revenue of our organization. People who give to an organization like ours do so because they support the work we do and want to help us pay the expenses related to our main activities. Our case is not unique in the arts, culture, and heritage sector. It is our position that even with a floor of \$100,000, this clause in Bill C-470 would still constitute an unwarranted and unnecessary intrusion on Canadians' right to privacy.

Why do we think it unnecessary? Because the CCA believes that Revenue Canada already has measures in place to regulate non-profit spending. Canadian charities are already required to publicly account for their organizational activities and finances, including information on staff compensation. Form T3010 requires the provision of a substantial amount of information, including contact information, details about directors, detailed revenue and expenditure information, description of charitable programs, political activities, transfers to qualified organizations, and fundraising revenues and expenditure. Charities must also report compensation information on schedule 3 to form T3010, to include total number of full-time staff, total amount of staff compensation, and the total amount paid to part-time staff.

The information is available, but I guess we can agree with the Honourable Albina Guarnieri that this information may be difficult for Canadians to understand and access. We agree that all Canadians should have easy access to the information in order to be better informed on the operations of charities. But instead of approaching the problem of transparency by applying intrusive legislation onto charities, we suggest that this is an opportunity for this committee and interested members of Parliament to work with Revenue Canada to make the information on charities more easily accessible to a Canadian audience.

• (1535)

The Chair: One minute, please.

Mr. Alain Pineau: To sum up, the CCA considers this bill ill-conceived, intrusive, and unnecessary, and would urge you to defeat it.

Thank you for your attention. I'll be pleased to answer any questions you may have.

The Chair: Thank you for your presentation.

We'll now hear from the Association of Canadian Community Colleges.

Ms. Terry Anne Boyles (Vice-President, Public Affairs, Association of Canadian Community Colleges): Thank you.

I'm Terry Anne Boyles. I'm vice-president of public affairs with the Association of Canadian Community Colleges. We represent Canada's 150 colleges, institutes, CÉGEPs, polytechnics, and universities with a college mandate. We have campuses in over 1,000 communities in the country and work very closely with the charitable sector in each of those communities and in the wider communities, the regions the colleges serve.

Colleges and their foundations, both formats, are registered charities under the Income Tax Act. We also appreciate the changes within the legislation, as Alain Pineau has just mentioned. I won't address that much further, except to say that while we support the goal of increased transparency and accountability that motivated the bill, there are elements that do have a direct negative impact on member institutions. They're particularly concerned about some of the cost factors that will impact the administration of the bill.

We believe the existing authority of the CRA's charities directorate does provide an adequate mechanism for ensuring transparency and accountability, and we would urge you to defeat Bill C-470. Our members are multi-million-dollar organizations that deal with complex management issues. If the cap hadn't been removed, we would have been telling you about how to attract the high-calibre people they need to run these institutions, being able to have that flexibility. It's important in terms of the salaries. We believe reporting those salaries on the form T3010 through CRA is an adequate, accountable, and transparent way to do the reportings, and we support that. As public institutions, our member institutions report their top salaries, both within the annual reports of their institutions and under whatever the provincial or territorial government accountability measures are.

Fundraising is absolutely vital. One of the points is that within the economic context of the country, our member institutions are struggling with the raising of funds to meet the capacity needs of

those institutions and provide access for those who are disadvantaged, and maintaining their charitable status is absolutely critical to moving forward.

The other point we want to address is to support the points of all the other charities. We and our member institutions are concerned about the small charities and their communities and the disclosure requirements for the top five salaries. We believe this disclosure is unnecessary and an unwarranted invasion of privacy. We're also concerned that this puts the employees of some charities at substantive risk.

We are pleased to be working with the other charities appearing before the committee. We each represent quite different areas of the charitable sector in the country, but we are united in our view that the legislation is flawed, unnecessary, and will increase costs, both to the charities and to the Government of Canada. As we've said before, the CRA's charities directorate already has the tools at its disposal to guarantee transparency and accountability. The Income Tax Act provides the minister with the authority to investigate and take action where necessary on those who have undue benefit from their positions at charities, and certainly in our sector the provincial-territorial legislative frameworks do the same.

We urge the committee to defeat Bill C-470.

Thank you.

• (1540)

The Chair: We'll now hear from Mr. Bizzo.

Mr. Gary Bizzo (As an Individual): Thank you, Mr. Chairman.

First, there are a great many charities in Canada that provide exceptional service, above and beyond, to the Canadian public. I represent donors.

I work for a society with charitable status in Vancouver called SUCCESS. Our 400 dedicated employees will tell you that they are committed to the good of our community. We operate dozens of programs that are not-for-profit. As a senior manager with eight years of experience, I earn \$60,000 a year—comfortable by many standards. For the most part, my colleagues and I work for SUCCESS because we like the work and the 180,327 clients we served in 14 languages in 2009.

At the airport on the way here, I ran into my ex-CEO, who had just retired two weeks ago, Tung Chan. He candidly told me he made \$110,000 to manage our \$40 million society. He said there is a trend to find experienced CEOs who have retired and who are willing to give something back to the community. He felt transparency was paramount and expected.

Transparency is needed with charities. The vast majority of charities fear nothing from openness around the percentage of contributions that go to administration. I prefer to give to charities that understand that as a middle-class person, my contributions represent a big deal to me. I want a charity that has a low administration percentage.

Corporations are obliged to give shareholders information. Why should executives of large charities have any special status? When we the people give them tax benefits, should we not get the same obligation on transparency?

A CEO friend of mine, Gordon Ross, a former adviser in President Clinton's White House committee on Internet security, told me that the general population has no idea what is going on around them because everything is filtered. In a digital age, we are told what people want us to know. I want to go back to the days when it was not filtered. I want disclosure.

As a social media networker with almost 100,000 followers, I put it out to my followers for their opinions on transparency. I have a word-of-mouth influential reach of just over 6.7 million, according to a website called "gripe". In the space of an hour, I received just under 1,000 messages. The first messages were adamantly against my criticism of CEOs, mainly commenting that good mainstream people needed high compensation. Over 900 messages were against these salaries and wanted transparency.

I run a business blog, so when I switched to promoting this bill on my blog, I did not anticipate the results and fervour of my roughly 5,000 readers per month. While many bloggers with my numbers may expect three to four people to respond to their writings, on my first blog on "excessive charity salaries and transparency", April 14, 2010, I received 129 comments. The numbers are roughly 50 to 60 times the usual average of responses. Nearly all support Bill C-470, transparency, and salary cap.

I insist that, as important as it is that there is a cap on the size of salaries, transparency is fundamental for me to make an informed determination whether I will contribute to make the world a better place through donations. However, it must be my choice.

Thank you.

The Chair: We will now hear from the Ontario Hospital Association.

Mr. Tom Closson (President and Chief Executive Officer, Ontario Hospital Association): Good afternoon. My name is Tom Closson and I'm president and CEO of the Ontario Hospital Association. The OHA represents Ontario's 154 public hospitals, virtually all of which are CRA-registered charities.

We originally requested the opportunity to appear before this committee because we had grave concerns about the effect the proposed salary cap included in Bill C-470 would have on hospitals

across Ontario and the largest and most successful hospital foundations. The majority of Ontario's hospitals employ at least one individual who earns more than \$250,000 per year. In many hospitals these individuals include physician leaders or physician specialists. In Ontario, approximately 15 hospital foundations pay at least one employee, usually only one employee, more than \$250,000.

Hospitals are in the business of providing patient care. Hospital foundations are responsible for raising the funds necessary to support the associated hospitals.

In Ontario, hospital foundations fund two-thirds of the salaries of many hospital medical researchers who are principal investigators. They're also responsible for raising 10% of the funds necessary for major capital construction projects and 100% of the funds necessary to purchase medical equipment like MRIs and CT scanners. If a hospital lost its charitable designation, its foundation could not give the hospital the funds it has raised. If a hospital's foundation lost its charitable designation, the hospital could not receive the funds raised by the foundation. In either case, the result would be devastating for the hospital's patients.

Leading a hospital or a hospital foundation is not easy. Leadership has a big impact on the success. In Ontario, hospitals and hospital foundations have volunteer boards of directors who are responsible for recruiting in-demand medical research and management talent. They also determine appropriate compensation structures and they manage performance. Their leadership has helped to make Ontario's hospitals some of the highest performing in the world. If passed unamended, Bill C-470 would undermine the responsibilities of those boards of directors, which in the case of hospitals have a direct legal relationship to the Government of Ontario. For these reasons, the OHA does not support Bill C-470 as it currently is drafted, but we acknowledge and appreciate the sponsoring member of Parliament's commitment last week to stripping out the salary cap from the bill.

With respect to the proposal to create a salary threshold of \$100,000, above which registered charities would be required to publicly disclose the salaries of the top five executives, Ontario's hospitals have no objection to that. As you may know, Ontario's hospitals are already subject to our province's public sector salary disclosure, which requires us to disclose the top compensation for every hospital employee who earns more than \$100,000 per year every March 31.

I also understand there has been some discussion here regarding the disclosure of the relationship that some charities have with third-party fundraising companies and that action could be taken through an amendment to Bill C-470. I would encourage the committee to refrain from doing so without additional formal examination of the issue. The operations of charities are complex and sensitive, as are their vendor relationships. I believe a full examination of all of the issues would be beneficial before action is taken by legislators.

Let me sum up by saying that the Ontario Hospital Association would have no objection to Bill C-470 if it were amended to strip out the salary cap or include a public sector requirement for the top five executives earning more than \$100,000. That said, we believe that the Canada Revenue Agency already has sufficient authority to properly police the charitable sector, and we remain unclear about what substantial new benefit even an amended Bill C-470 would provide to the public.

Thank you for your time today, and I look forward to questions.

• (1545)

The Chair: Thank you very much for your presentation.

We'll now hear from the Association of Universities and Colleges of Canada.

Mr. Paul Davidson (President, Association of Universities and Colleges of Canada): Good afternoon, Mr. Chair and members of the committee. It's a pleasure to be back before you again.

Before I talk about my prepared remarks, may I just say that as a front-line volunteer and someone who has served on the national boards of a number of charities, and as someone who has led charities and not-for-profits in three very distinct parts of this country, I take a very keen interest in good public policy and the role of the voluntary sector. So I really welcome the committee's interest in this set of issues. But as you might expect, we have some profound reservations about the bill as it was first presented.

AUCC represents 95 universities and degree-granting colleges from coast to coast. All of them are not-for-profit. Most of them are registered charities.

And I want to acknowledge the good work of Imagine Canada in articulating very well the impacts of the proposed legislation, and the AUCC supports Imagine Canada's approach and recommendations.

Let me underscore that Canada's universities fully support efforts towards transparency and accountability, and are already doing much more in some areas than this legislation would request. And there are many different ways to talk about the compensation cap, but the one I want to focus on today is the impact on Canada's science and technology strategy. One of the great public policy success stories of the last decade has been reversing the brain drain and being able to attract the best talent in the world to do innovative research here in Canada that has real impact for Canadians. This bill threatens our ability to attract that kind of talent, most specifically in terms of the Canada excellence research chairs, which is a flagship program of the science and technology strategy, which has dedicated \$10 million to attract globally significant researchers. This program, where the chairs are just moving into Canada now, would put at risk every university's charitable status.

And I raise that just as an example of the good intention of the bill and the very problematic consequences that the bill presents.

I am very pleased that the Honourable Albina Guarnieri tabled amendments last week about the compensation cap, so I won't dwell on that point. I will say that AUCC strongly urges the committee to accept those proposed amendments.

There has been some discussion already this afternoon about the issue of compensation disclosure, and I want to just make a couple of observations about that.

First of all, again, universities are committed to the principle of accountability to the public and to governments. Universities account for their expenditure of public funds through their boards and through a range of audit and public reporting mechanisms. A variety of accountability mechanisms are in place in all provinces and at the federal level to provide for openness, transparency, and accountability by universities.

A couple of areas that are problematic include the issue of safety, for those doing international work. And I know you're hearing from other international organizations momentarily. But many faculty and staff from universities do work in some of the most dangerous parts of the world, and I'm talking about Afghanistan, Haiti, and other areas where there is grave risk to personal security. If those salaries are made public, the risk to those individuals is increased. I won't belabour the point, because there are others here who can make it more emphatically.

The other point I would like to make around the disclosure mechanism is that universities are doing this much and more already in many provinces. So adding yet another layer of accountability, another layer of administration, is problematic for the members of AUCC.

I would suggest also—and I think there was a really good question raised last week at the committee—about whether you need legislation to address the concerns that have been put forward. The CRA and the legislation regulations governing the work of CRA provide ample opportunity to increase the disclosure mechanisms. And we work quite closely, and the sector works quite closely, with CRA to make sure there is adequate disclosure on these issues.

In conclusion, I would just say that we're very pleased with the amendments to remove the cap on compensation. And with regard to the floor of \$100,000 for compensation disclosure, if the committee still feels legislation is necessary, we would hope the committee would consider putting in an escalator clause because we've seen in other jurisdictions the way people who were never expected to have their salaries disclosed end up being put on the sunshine lists.

Again, I want to thank you for the opportunity to present before the committee, and I would just close by saying that the work of the voluntary sector is absolutely vital in this country. There are many, many areas where this committee could engage fruitfully, whether it's around alternative financing, whether it's around incenting people to give more, whether it's around engaging young Canadians. There is lots of work we can do together, and I look forward to doing that work with you once this bill has been concluded.

• (1550)

Thank you.

The Chair: Thank you very much, Mr. Davidson.

We'll now hear from the Canadian Red Cross, please.

Mr. Alan Dean (Vice-President, Board of Governors (volunteer), National Office, Canadian Red Cross): Thank you, Mr. Chairman and members of the committee.

My name is Alan Dean. I'm very pleased to be here today in my capacity as vice-president of the board of governors of the Canadian Red Cross. I also chair the pension committee and the governors committee of the Red Cross in Canada. I fulfill these roles as a volunteer and have been involved with the Red Cross for eight years, both at the provincial and the national level. In my professional life I'm a partner with the law firm of Gowling Lafleur Henderson.

The Canadian Red Cross is Canada's leading humanitarian organization, providing services in Canada and abroad ranging from health intervention to disaster response. The Canadian Red Cross is an independent organization governed by a volunteer board of governors. Internationally, we are members of the Federation of Red Cross and Red Crescent Societies. In Canada, we are a large and a complex organization. We have over 6,400 staff, supplemented by a trained volunteer force of approximately 20,000 people.

The volunteers and the staff are responsible for carrying out the Canadian Red Cross's mandate. They also ensure, in doing that, that our programs are properly funded and that our funds are managed efficiently. Our revenues in 2009 were \$372 million, and we are fully compliant with the CRA filing regulations.

Our governance model is woven throughout the organization from a regional to a fully national level. We strongly support the objectives of accountability and transparency. We strive to maintain the highest level of public trust through our efforts. We believe firmly that our donors deserve no less, both in terms of accountability for the use of the funds donated by Canadians who work hard for their money and of the best possible information upon which to base their charitable donation decisions.

So we commend the work of this committee in ensuring that Canada's laws and regulations are up to date and sufficient in terms of ensuring an appropriately high level of transparency.

We are pleased to note that the sponsor of Bill C-470 has chosen to amend the bill in order to remove the previously included compensation cap. Directors of charities must serve without remuneration. They bear a heavy duty and are viewed as higher-order fiduciaries with trustee-like responsibilities, unlike their counterparts in the for-profit sector. A salary cap would have severely limited a board's ability to select qualified management staff and hire the best and the brightest, so we applaud the amendment to remove the compensation cap.

We currently comply with the robust reporting and transparency requirements mandated by the Canada Revenue Agency. As you know, charities like ours are now required to identify the salary range for their ten highest-paid positions, and these salary categories have been expanded. If parliamentarians decide that the existing disclosure regulations, including the new Canada Revenue Agency requirements of 2009, are lacking, we would welcome the opportunity to work with you in examining other models for disclosure and transparency.

In particular, we take positive note of the proposed amendment to Bill C-470 that establishes a floor for salary disclosure of \$100,000. We have no objection to this proposed floor, nor to the concept of releasing specific information regarding job titles or descriptions and specific salary amounts for employees who would fall into the categories for disclosure that Parliament might establish. That said, there may be specific circumstances in which the information related to a particular individual should not be disclosed, to protect that individual's safety and security. To address those, we agree with the notion of giving the minister responsible some discretion to withhold information, to protect individuals from harm.

Thank you very much, Mr. Chair and members of the committee. I would be pleased to respond to any questions you may have.

• (1555)

The Chair: Thank you very much, Mr. Dean.

As our final organization, we'll hear World Vision Canada, please.

Mrs. Sharon Dymond (Chair, Board of Directors, World Vision Canada): Thank you.

As chair of the board, I thank you for the opportunity to speak with you about a subject to which World Vision is very committed; that is, transparency.

In the next few minutes that I have with you, I'd like to give you a brief description of World Vision, underline how we understand transparency and the steps we are taking to ensure accountability, indicate why we are pleased that the cap has been removed, present our concerns about the salary focus of the bill, and give our recommendations for enhancing transparency—and all in five minutes.

World Vision is Canada's largest relief, development, and advocacy organization, and one of Canada's largest charities. Our work includes emergency relief, health, education, skills training, agricultural assistance, and policy. It is governed by 39 corporation members, of which 21 are also board members. World Vision Canada is also a member of World Vision International, which is composed of a federated structure of nearly 100 national entities and more than 40,000 staff, governed by an international board of directors. My long career in human resources with Bell Canada helps me serve on a human resources committee of World Vision International as well.

More than 700,000 Canadians regularly give to support our child-focused, community-based programs. Together with almost 10 million like-minded supporters internationally, these Canadians enable World Vision to respond to some of the world's poorest children. We manage revenue and programs exceeding \$400 million and a staff of more than 500.

World Vision appreciates the spirit and purpose of this bill; that is, to ensure greater transparency. Transparency is about equipping Canadians with easily accessible information to make the best charitable giving decisions. Our commitment to transparency has led us to increase the amount and quality of information available to Canadians about our work, including our programs, our donations, and our finances. We disclose on our public website details on our approach to executive compensation and we make the top salary known; all our completed audited financial statements are readily and easily found on our website; we give detailed information on the program spending; and there is full consistency between our reporting to the government and our audited statements.

It is our view that the donors have a right to know, and we haven't always done this right. Frankly, it's a challenge to make complex information clear and simple for supporters and the public, but also detailed enough for those who want to know more. This being said, we are pleased to have been recognized with awards for a high level of accountability and transparency.

We thank you for your response to our concerns about the compensation cap. As we indicated in our brief, we question the need for the cap, on the grounds both of future compensation flexibility as well as of our board's governance autonomy. Although our CEO's salary is public and well below market value, we are concerned about an arbitrary, inflexible number that may not reflect future requisite skill sets and that, over time, would not be updated. We are concerned that this will limit the independence and autonomy of charitable boards.

We are also concerned that by focusing on such a narrow aspect of charitable accountability, the bill won't achieve what it's really meant to achieve. In fact, the focus on listing top salaries will undoubtedly ensure that donors become focused on the wrong issue: salaries. The

focus should be on impact and achieving the mission of the organization, not on salaries alone.

Additionally, reports have suggested that the sunshine list in Ontario, the public list of all public service employees who earn \$100,000 or more—

• (1600)

The Chair: You have one minute remaining.

Mrs. Sharon Dymond: —has actually increased salaries, because people are comparing and negotiating higher salaries.

Another concern with the focus on salaries relates to security and privacy. Senior World Vision staff travel frequently in fragile contexts, placing themselves at risk for kidnapping and ransom demands. The release of salary figures that include names and titles for senior staff would impact their safety and security and our security costs. The bill would mean breaching the confidentiality and privacy of thousands of Canadians, putting many who work in the international development sector at risk when they travel overseas.

We welcome the CRA to introduce more stringent requirements in reporting. Would it not be more effective to work through the existing CRA mechanism to achieve the spirit and intent of this bill? Let's continue to work with the CRA to make charitable giving information easier to access and understand. The proposal's focus on salaries won't achieve these.

In conclusion, thank you so much for your time. Also, knowing that our donors and the people we serve demand transparency, we recommend using the already proven CRA reporting mechanism to do so.

Thank you.

The Chair: Thank you very much.

We'll go to members' questions, starting with Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): Actually, we'll start with Mr. Szabo. I have to go momentarily.

Mr. Paul Szabo (Mississauga South, Lib.): Thank you.

Thank you to the witnesses for proceeding with their statements.

I suspect that all of you know that at the presentation by the member whose bill this is, Ms. Guarnieri, substantial amendments were proposed. This no longer will have anything to do with salary caps. So that's off the table. This bill ultimately melts down to a disclosure of salaries of persons who have salaries in excess of \$100,000.

Most of you mentioned privacy. Being the former chair of the access to information, privacy, and ethics committee, until about three months ago, I'd like to just read a little segment out of this.

The act stipulates that "no personal information shall be collected by a government institution unless it relates directly to an operating program or activity of the institution". As well, whenever possible, the information should be collected "directly from the individual to whom it relates", and the individual should be informed of the purpose for which it is being collected.

There's a technical note, as well.

The bottom line is that this does not violate privacy, although many of you said that it's a breach of privacy. I wonder if any of you have any reference or information related to the Privacy Act or to PIPEDA that would indicate that the disclosures made would violate privacy. Is there any one of you?

Okay. Thank you.

With regard to transparency, which is ultimately what this bill has become about, as you know, those who give charitable donations receive a tax benefit that's paid for by all taxpayers, by Canadians. That is our contribution. Therefore, because it's an expenditure of the Government of Canada, it is subject to transparency. To disclose what taxpayers' money is used for, given the related benefit given to whomever and the benefit given to those who use that money for purposes under their registration, requires transparency.

Does any one of you disagree with any of that?

Mr. Pineau.

● (1605)

Mr. Alain Pineau: I don't disagree with the principle. I'm questioning whether it's appropriate that in an organization—and I use our own example—in which 1% of the revenue comes from donations and charity, my staff and I are obliged to post our salaries publicly. It may not be contrary to the Privacy Act—and I'm no lawyer—but it's certainly contrary to common sense, the way I see it.

Mr. Paul Szabo: Okay. It's an unusual situation where an entire organization that only has 1% of its activity being charitable activity is registered as a charity.

Mr. Alain Pineau: It may be so, but it is recognized. And I believe that we did not steal our status, nor did any of the organizations in the arts and culture sector to which this applies. Even among the largest ones that have that status, I don't believe there's one that draws more than 10% of its revenue from donations.

It remains important for organizations like ours. One percent of our revenue pays for half an intern for six months. Given the small team that we are, it's important revenue that we're not ready to forgo. We're not in the business of raising money like that. We receive it from people, and we solicit, to some extent, from our members, but

we're not campaigning, and we've never hired any agency to raise that money. Very few in the arts and culture sector do so.

Mr. Paul Szabo: I think you raise an interesting point. I think the committee would want to consider whether or not there was a way to segregate the charitable activity from the people who solicit the funds. I don't see it as a problem. You said you agreed with the principle.

What I heard was some pretty strong language about intrusiveness in a flawed piece of legislation. Other than the salary cap, which is off the table, is there anything else in this bill that anyone would characterize as flawed? If so, can you tell us what that is and why?

Ms. Terry Anne Boyles: Because we believe so strongly that the existing mechanisms for accountability and transparency are within the power of CRA, putting this in the bill amounts to duplication. The bill is therefore flawed and would be costly in duplicating administration for all charities.

Mr. Paul Szabo: You're talking about the transparency through CRA but not to the public.

Ms. Terry Anne Boyles: In our case, because of the nature of colleges, we are transparent to the public. We're public institutions under provincial-territorial administration.

Mr. Paul Szabo: The CRA doesn't deal with names. They don't deal with positions or titles. It's just the number of people in a range. It's not very transparent, and Canadians have a right to know. There's a right to know under the Access to Information Act.

● (1610)

The Chair: Mr. Davidson, do you want a brief comment on this?

Mr. Paul Davidson: You asked whether the remaining parts of the legislation are flawed. I think there are recommendations to address some of the concerns and make them more effective, and that's what the weight of the briefs this afternoon have spoken to. You're suggesting that every organization that receives public subsidy or public benefit should have all their salaries declared? That's pretty far-reaching if that's your policy intent.

Mr. Paul Szabo: If it means a tax benefit, yes is the answer.

The Chair: Thank you, Mr. Szabo.

Monsieur Carrier.

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Good afternoon, ladies and gentlemen.

Of the presentations we've heard, I like the one that Mr. Bizzo made as an individual. He talked about the importance of transparency.

The bill obviously responds to concerns of ordinary people who, through their contributions, want to provide some kind of aid based on the mission of such and such an organization. Mr. Bizzo cited the example of someone who gave an organization \$50 a month: it took 600 contributions to pay the highest paid employee's salary of \$350,000. In that situation, it's hard to justify donations. So the need for transparency is significant.

The problem is complicated for organizations such as the Canadian Conference of the Arts, the Association of Universities and Colleges of Canada and hospitals because you have positions other than charity-related positions; you have other mandates to carry out.

I'll cite the example of the hospitals. I'm from Quebec. In Laval, there is the Hôpital de la Cité-de-la-Santé, within which there is the Fondation de la Cité-de-la-Santé, which conducts a funding campaign and for which people are called upon to make donations. So it's the foundation that is concerned, not the hospital as a whole. The distinction obviously has to be drawn. The pay scale for hospital employees is determined by the provincial government of each province.

Mr. Pineau mentioned that donations represent only 1% of his organization's revenue. Based on the information available to you, to clearly distinguish the "charity" part, would it be possible to have a Canadian Conference of the Arts foundation that would raise funds for the purposes for which the act would apply? In each case, I would like to know your views on the subject. Is it possible to separate the charity or donation function from the overall mission you represent?

Mr. Alain Pineau: Theoretically, that would be possible. However, in 65 years, that has never been a priority for an organization such as ours. I don't think that's where we want to go looking for most of our revenue.

Instead we would look to membership, which is not a donation, but rather people who support us. These are mainly individuals. We have member organizations of the conference and individuals. Donations essentially come from individuals. We have perhaps 200 individual members who support the work we do on behalf of the arts and culture sector.

For us, I don't believe that's worth the trouble.

Mr. Robert Carrier: Ms. Boyles, at the Association of Canadian Community Colleges, would it simplify your activities if an act applied concerning transparency and if you had a separate foundation to which the act would apply?

[English]

Ms. Terry Anne Boyles: In our case, although our association is a registered charity we're actually here speaking on behalf of the colleges, institutes, and CÉGEPs in the country. It's more a matter of principle and goals for each of those institutions whether they choose to have a foundation or not, because the autonomous boards of governors appointed by the provincial governments are trying to achieve the mission of the institutions in the way that's most effective, efficient, open, and transparent. So it wouldn't make a fundamental difference.

•(1615)

[Translation]

Mr. Robert Carrier: Mr. Closson, perhaps you could respond with regard to hospitals.

[English]

Mr. Tom Closson: In Ontario most hospitals have foundations, but not all hospitals. The reason hospitals are charitable organizations is to receive money from their foundations. The amount they receive is probably in the order of 5% of their total revenues, and it may be used for part of a person's salary. For example, if a medical researcher is a principal investigator, it may go toward paying part of their salary. So it's very complicated. You can't really split the money the hospital gets from its foundation to be charitable from money coming from other sources of funding, such as government, parking revenues, or private and semi-private accommodation fees that people pay.

[Translation]

Mr. Robert Carrier: If a distinction can't be drawn in view of the fact that, in the bill we are examining, it's disclosure of the identities of employees who earn more than \$100,000... So, considering that people are able to use their judgment, if the general manager of a hospital has that kind of salary, people would understand. However, if it's a person who raises funds whose salary is disclosed, it's important that people judge. This enables people to judge on the basis of the disclosure of the identity of each person and of that person's salary.

[English]

Mr. Tom Closson: I'm here speaking on behalf of the Ontario Hospital Association. As I indicated, we're in favour of disclosure of salaries over \$100,000. We have no problem with that.

[Translation]

Mr. Robert Carrier: All right, thank you.

I believe time is up.

The Chair: All right. That's fine.

[English]

We'll go to Mr. Menzies, please.

Mr. Ted Menzies (MacLeod, CPC): Thank you, Mr. Chair, and thank you to our witnesses.

As you will see, this is very much a non-partisan debate here. I think it's very good and very important. There's actually a private member's motion coming forward fairly soon that will deal a little further...and I thought I heard some recommendations that we should study this further. I think that is a good idea.

We've heard a lot about transparency and accountability. I'm pretty sure we have everyone on the record saying those things are important. If anyone thinks they aren't, please correct me now.

Thank you. I enjoyed the silence.

Mr. Szabo made the comment that we're dealing with donors' money. That is very critical, but there are contributions from taxpayers as well.

I have one quick question. The United States deals with this differently than we do. Do any of the representatives here have affiliates in the United States who could shed some light on what we might do better? Do the Americans treat it differently from what we're proposing in here? We're assuming these amendments will go forward. Is there anyone who has a comment about that?

Mr. Paul Davidson: Mr. Menzies, I know Imagine Canada is to speak in the next panel, and they may have more information about international comparisons that would be useful.

Mr. Ted Menzies: Okay, good.

Then to Mr. Pineau, you referred to the T-3010 disclosures. What exactly is disclosed on that?

Also, we've heard from many people that CRA has the tools it needs. Is it just not using them now? Because there were some arguments that we don't need this legislation. Are the tools available, and if so, why did we have a wreck, the reason Ms. Guarnieri brought this forward? We had a serious problem, and that's the reason for her bringing this forward. If we have the tools, what failed us?

Mr. Alain Pineau: Well, I gave a list of what we are obliged to disclose in terms of the contact information, the details about directors, detailed revenue and expenditure information, description of charitable programs, if we have some, political activities, and transfers to qualified organizations. This is all information that we make available through the filling of that form, which I don't do myself, but it is the information that is required.

What may be problematic, as I mentioned in my presentation, is that this is not readily accessible to the general public, or not in a way that would inform them in the spirit of what this act proposes. That's why the suggestion we made was that those rules and regulations, which can be adapted to be even more transparent than they are, because somebody acknowledged that they could be improved on, would be the mechanism to go through, from our perspective.

Perhaps Revenue Canada should be invited to present this information in a format that would be more accessible to the general public, because my understanding is that currently it's not very accessible. I've never gone there to check on anybody, including us, but my understanding is that it is available but not accessible.

• (1620)

Mr. Ted Menzies: So how many of these costs or wages for all of the organizations that you represent are available on your website? If I want to give money to Red Cross or to the universities or colleges, can I go on a website and find out what percentage of the funds you raise go to administration, what percentage goes to you? A quick yes or no, please.

Mr. Alan Dean: Sure you can, yes.

Mrs. Sharon Dymond: Yes, and I can say for World Vision that's true as well.

The Chair: Mr. Davidson?

Mr. Paul Davidson: Yes, the information provided by CRA is not detailed by individual salaries but by groups of salaries and ranges of salaries, and it will provide that information.

I will also say that virtually every university president's salary, for example, is available on their website. So transparency is part of life in the university.

The Chair: Mr. Closson.

Mr. Tom Closson: Well, as I mentioned, in the hospital sector, all compensation over \$100,000 per year is actually posted by the government on their website once a year.

Mr. Ted Menzies: Is that unique to Ontario?

Mr. Tom Closson: I don't think it's unique to Ontario, but it's not true in every province. That's my understanding.

The Chair: Mr. Bizzo.

Mr. Gary Bizzo: I have some information on the U.S. They use form 990 to the IRS, and it's usually put on the charity's website for everybody to see it.

The Chair: Ms. Boyles.

Ms. Terry Anne Boyles: Depending on the province.... For example, in Alberta, the government requires the colleges and I believe universities and other public sector institutions to actually publish it right in their annual reports of the institution, which are on the website, and then the over-\$100,000 applies in almost every province and territory. And it's public.

Mr. Ted Menzies: Thank you.

Ms. Boyles, just to be clear, I heard you say we should defeat this bill in its present form. If it's amended to take the cap out, and with the \$100,000 put in there, would that be agreeable to your association?

Ms. Terry Anne Boyles: Our first priority is that it can be covered under the existing modifications to the CRA modifications. But should the committee decide that you need increased public accountability and transparency, then removal of the cap is the significant factor for us.

Mr. Ted Menzies: Okay.

How much time have I left?

The Chair: Twenty seconds.

Mr. Ted Menzies: I won't take any more time.

Thank you very much.

The Chair: Thank you, Mr. Menzies.

Monsieur Mulcair, *s'il vous plaît*.

[Translation]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chairman.

It's a pleasure for me, in turn, to welcome all our guests today. Thank you very much for your contribution.

The NDP would like this bill to be debated in committee. However, if there were no change, I would find it very difficult to recommend it to my caucus colleagues for the simple reason that I consider the maximum threshold of \$250,000 completely unrealistic.

However, what we have before us today is distinctly better. I would like to honestly present your concerns to my colleagues when I have the opportunity to do so.

So I'm going to start with you, Ms. Boyles. Although I acknowledge the importance of the Association of Canadian Community Colleges, I find it very difficult to understand how you can say—and I am quoting you so that there is no misunderstanding:

[English]

“...that puts their employees at substantive risk”.

[Translation]

Frankly, I don't believe you. I absolutely don't believe that statement. My name is indeed "Thomas", and I can ask nothing better than for someone to prove the contrary. So I'm asking you to explain to me this statement, which I find unbelievable.

• (1625)

[English]

Ms. Terry Anne Boyles: In that point in my testimony, I perhaps wasn't being clear. I was actually speaking in support of the inputs of some of the other charities and the people who were working for them who could be at substantive personal risk. That being said, there are college staff who are working in violence-prone areas of the world, who may on occasion be at risk, but we are more speaking in favour of the points of the other charities that work in much more dangerous situations.

[Translation]

Mr. Thomas Mulcair: Thank you very much for clarifying that point.

Now I'll turn to Mr. Davidson, who earlier told us—and once again I'm going to quote him:

[English]

Virtually every university head publishes their salary, so transparency is part of your life.

[Translation]

Is it fair on my part to conclude, based on what I just cited, that you agree to publish that? I don't understand. If that's part of your life, where's the problem?

[English]

Mr. Paul Davidson: I'd be happy to elaborate.

First of all, the presidents undertake that. That doesn't mean that every employee with a salary of \$100,000 would undertake that.

Secondly, I would just come back to the point about individuals at risk. A number of university senior staff do undertake work overseas at great risk, and we want to make sure that personal security is not compromised.

The third element is around the levels of accountability. I will just say that there are five provinces that require disclosure that are as rigid as or more rigid than this in their legislation, so why create another layer of bureaucracy when—

[Translation]

Mr. Thomas Mulcair: Do you really believe that people with experience in public administration like you... Personally, I have sat on the boards of a number of charities and philanthropic organizations.

Are you really going to try to convince us that disclosing this information constitutes a heavy administrative burden?

[English]

Mr. Paul Davidson: What I'm saying is the CRA has a mandate; it has legislation, and it's made important moves on transparency. There is more that can be done, but I just think that this is—

[Translation]

Mr. Thomas Mulcair: If more can be done, how can you be opposed?

Furthermore, there's a flaw in what you've just said. I respectfully submit that to you. You say that these are all salaries of more than \$100,000, whereas we want to know the top five salaries.

For example, if I gave a university money, I wouldn't tell it that it had no right to pay anyone more than \$250,000. The bill's sponsor, Ms. Guarnieri, has already withdrawn that. We are all in agreement on that. Furthermore, if the university in question pays its top five employees \$800,000, \$700,000 and \$500,000 three times, and if I find that excessive, I can give my money to another university that's more reasonable. That's part of the information to which the person who is preparing to donate his money is entitled.

As Mr. Szabo said so well earlier, ultimately, we're talking here about public assets, about public money. In my view, when it comes to giving information, where it concerns public spending, a tax credit is a public expenditure. I really have no problem with requiring that. I appreciate the fact Ms. Boyles told me that it was a bit theoretical in the case of the Association of Community Colleges of Canada.

I will conclude with a final question for you, Mr. Davidson.

Since you're telling me you have people in the universities who can occasionally work elsewhere, could you—you or the others—cite a single actual case for me, anywhere in the world, where the fact that someone's salary is known has constituted

[English]

“a substantive risk”, “safety and security”, “to protect from harm”, “risk to those employees”?

[Translation]

I just read four different quotations from four of you. You have clearly prepared your presentations in order to tell us the same thing. Let's be honest. This is clearly an exaggeration unless you can show me actual cases where that has been a problem. I don't believe it for a second. A person who works in a high-risk country will take measures. They will assume you have money. It's not a matter of publishing the list or not.

You're looking for ways to oppose this, and that's frankly not to your credit.

[English]

Mr. Paul Davidson: If I may respond—and this is based on working with AUCC and is based on seven years of international development experience—we have to take security seriously, and there are—

• (1630)

[Translation]

Mr. Thomas Mulcair: I'm not saying the contrary. You're making a statement here to the effect that publishing salaries will increase... That's your claim.

[English]

Mr. Paul Davidson: It puts people at higher risk of kidnapping. I will simply say that. And if you want to speak about the measures charities go to, to insure their staff, the fees they pay to insure their employees overseas—

[Translation]

Mr. Thomas Mulcair: Mr. Davidson, no one is saying you should reduce protection for your employees. No one is saying there's no risk. Your statement is that, if salaries that some already assumed to be high are made public, we're increasing the risk. You have no proof of that. I don't believe that's a well-supported statement, with all due respect.

Thank you, Mr. Chairman.

[English]

The Chair: Okay, we are at the end of our panel.

I only need an indication from the committee. We are supposed to move on to the second panel. Is that agreed?

Some hon. members: Agreed.

The Chair: I do want to thank all of you for being here this afternoon, for your presentations and your responses to our questions.

I would say—and I don't think I'm overstepping myself as the chair—that I think the committee has certainly heard your concerns with respect to the amount, but I think there is a great deal of skepticism. I would frankly share Mr. Mulcair's skepticism with respect to the argument concerning disclosure.

If you want to provide anything further to the committee, please do so, because I think this committee needs some convincing on that second point. If you can do so as soon as possible, we'd appreciate that very much.

Thanks to all of you.

We will suspend for a couple of minutes, colleagues, and resume with the second panel.

- _____ (Pause) _____
-
- (1635)

The Chair: Colleagues and guests, we do have a very tight timeline this afternoon, so I'll ask you to take your seats, please.

We have with us for this hour a panel consisting of the Canadian Bar Association; Charity Navigator; Imagine Canada; the Association of Fundraising Professionals; the Calgary Chamber of Voluntary Organizations; SickKids Foundation; and Kingston and District Labour Council. They will present in that order.

I hope some of you have heard the previous discussion. You're obviously all aware of the seeming intent of the committee to address the amount issue, so I hope you can address the concerns any of you may have with respect to the second issue in terms of disclosure.

We'll start with Mr. Carter, please, for five minutes.

Mr. Terrance Carter (Chair, National Charities and Not-for-Profit Law Section, Canadian Bar Association): Mr. Chair, members of the committee, thank you for the invitation to appear before the committee to provide comments on Bill C-470.

My name is Terrance Carter, and I am chair of the charity and not-for-profit law section of the Canadian Bar Association.

CBA is a national association of 37,000 jurists from across Canada, including lawyers, notaries, law teachers, and students. This submission was prepared by the national charity and not-for-profit law section of the CBA. Members of the section include lawyers from across Canada who advise or serve on the boards of charitable and not-for-profit organizations.

At the outset, the CBA section is very pleased that amendments to Bill C-470 have been proposed to remove the compensation cap of \$250,000. What remains of Bill C-470 is a requirement to make available to the public “the name, job title and annual compensation of the five executives or employees with the highest compensation” in excess of \$100,000. In this regard, the CBA section questions the need for a name and salary disclosure requirement proposed in the bill.

As will be explained, the stated objective of the bill, namely the need for transparency, in our opinion can be met by permitting the charities directorate to monitor the activities of registered charities, including compensation through executives and other employees in accordance with subsection 149.1(14) of the Income Tax Act requiring all registered charities to file an annual T3010B, registered charity information return.

The concerns of the CBA section will be addressed by explaining three problematic aspects of the bill as amended. Specifically, they are redundancy in transparency objectives, privacy concerns, and the potential prejudicial impact upon the charitable sector workforce.

First, transparency and accountability in the charitable sector is no doubt a desirable objective. However, transparency is not an absolute value, and it must be balanced with privacy, efficiency, and practical impact of the disclosure to be made.

The requirement by CRA that every registered charity must include in its annual T3010B disclosure the compensation ranges, from under \$40,000 to over \$350,000—but not the names or job titles of persons receiving them—for the ten highest-paid employees provides a suitable level of transparency for both CRA, as the regulator, and the public, without violating the privacy of the employees of the charity.

If the CRA becomes concerned about the question of compensation, they have the authority under the Income Tax Act to conduct an audit and require the disclosure of all details of compensation, including the name, job title, and actual amount paid as compensation. A registered charity that fails to disclose such information is subject to sanctions, including the ultimate sanction of revocation of charitable status.

With regard to the matter of privacy, the CBA section believes there is an unnecessary and unwarranted intrusion of an individual's privacy in requiring disclosure of the name, job title, and compensation received by an employee or executive of a charity simply because the person works for a registered charity. The charity may receive no direct government funding and it may not even issue tax receipts for tax credits.

There is no compelling policy reason from an income tax perspective, either based on transparency or accountability, to require the identification of individual employees in the manner called for in the bill.

In order to justify an intrusion of a person's privacy, there needs to be a cogent policy reason for doing so. Since CRA is already collecting and making public the compensation range of the top ten employees of a charity and it has the ability to audit and review the details of compensation paid to such employees, there's no policy reason to justify the intrusion upon an employee's privacy.

The Chair: Okay, one minute.

Mr. Terrance Carter: This raises the last point of concern, and that is the potential prejudicial impact that Bill C-470 could have on the workforce within the charitable sector.

Employees of registered charities are a diverse group, often changing positions within the sector as well as coming into and out of the charitable sector. This is due in part because their compensation tends to be lower than in the business or public sector. As well, there's often less security in their positions and availability of pensions compared to public sector positions.

The charity sector workforce is driven by a passion for what they do. They are generally prepared to receive less compensation than their counterparts in the private sector or in government. To now require those same individuals who receive compensation in excess of \$100,000 to have their name, job title, and compensation made public may have the effect of driving good people from the sector.

In addition, for those employees working and travelling in areas of conflict—

• (1640)

The Chair: Okay, thank you. Just wrap up very briefly, please.

Mr. Terrance Carter: Fine.

In conclusion, the CBA section believes that the proposed Bill C-470, as amended to require the public disclosure of name, job title, and compensation, is unnecessary and misguided. The CBA section therefore strongly recommends that the bill, as amended, not be enacted.

The Chair: Thank you.

We'll hear from Charity Navigator, please.

Mr. Ken Berger (President and Chief Executive Officer, Charity Navigator): My name is Ken Berger. I'm the president and CEO of Charity Navigator, and I make \$140,000 a year.

Our organization's mission is to be a guide to intelligent giving. So we're here for the donors.

I have to tell you—on behalf of donors in the United States, at least—that the question of the compensation of the leadership of charities is one of the most critical pieces of information donors want to know. We have over three million people who use our website. We get five million hits a year. It's estimated that we impact between \$5 billion and \$10 billion of charitable giving each year. The most frequent comment we get from our users is regarding CEO compensation. Every year we do a CEO compensation study, and it's because of the public disclosure of that information that we're able to do this. We provide it freely; you can download it from our website. It is without a doubt the most popular thing we do.

I just want to say that from the scandals that have occurred in the United States among well-known charities, from the Red Cross to the United Way to the Smithsonian, and others, there's been the firm belief that transparency in every area, including salaries, is one of the ways to shine a light on the scoundrels and to avoid scandals in the future.

In the United States, the IRS gathers this information. For the first time in over 30 years, they have modified their reporting form to obtain even more information, far more information and more detail on the salaries, because it has been so relevant. While the auditing of charities is a function of theirs, the fact is their ability to do this is very limited. Their staffing is limited. So we think that public disclosure, that shining of the light, is a restraint on some of the extreme outliers and abuses that are out there. It affords an opportunity for a groups like ours, and the media and others, to do investigations of those outliers and problems.

I read with some amazement an argument that's been made by some here that in the United States, because of the transparency and the fact that we now know the salaries, the salaries have skyrocketed. Well, did you know there's been an increase in the number of buffalo and a skyrocketing in text messaging in the United States?

Some hon. members: Oh, oh!

Mr. Ken Berger: The correlation between transparency and this notion of salaries.... In fact, the reason that salaries have increased is in part that in the United States there's been a dramatic increase in the amount of government contracting for charities to do the kinds of work that government has done before; and as the economy has done well—at least up until 2008—and the percentage of money that people give has grown, so have the size and complexity of these organizations. That is the way salaries get determined. According to all of the experts we speak to, the salaries are based on size, complexity, and cause. Those are the reasons that salaries go up, not because of transparency. My God, it's the opposite! Transparency helps as a brake against abuses.

So, other than that, I would argue, in conclusion, that if a charity is truly mission-driven, then when the dust settles and this information is disclosed, it will become more trusted. The most precious commodity a charity has is the trust of the public, and the public wants to know this information. Those charities that are open in this way and disclose information will garner more trust, and it will lead to a more efficient sector. The information will help all of us in making more rational decisions related to determining CEO compensation in this sector.

In conclusion, I hope we can have more disclosure in areas like this, so that the mission can be better fulfilled, rather than seeing the abuses where people's pockets get lined, rather than the world being made a better place.

Thank you.

• (1645)

The Chair: Thank you very much for your presentation.

We'll now hear from Imagine Canada, please.

Mr. Don McCreesh (Chair of the Board, Imagine Canada): Thank you, and good afternoon.

My name is Don McCreesh. I am the chair of the board of Imagine Canada, the national umbrella group for Canada's charities and not-for-profits. I've been a volunteer director for over 40 years and often served as chair of the board or head of the HR committee. Compensation issues have formed a large part of my professional life as an HR corporate officer and now director of boards of publicly traded corporations and charities.

I take my responsibilities very seriously, as do the hundreds of thousands of charitable board members who give of their time and expertise.

At a time when charities are striving to respond to growing demands, even as governments and philanthropists are increasingly constrained in their ability to maintain their support, I sincerely hope that the mischaracterizations of charities' compensation levels, of their commitment to transparency and accountability, as you've heard today, and of the use they make of the valuable resources that are entrusted to them have not, even unwittingly, done a great disservice to charities' donors and the people they all strive to support.

Imagine Canada and the charities are committed to increasing public understanding of the true costs of doing good and promoting transparency and accountability regarding all moneys entrusted to

the sector, contrary to what has been stated. Canadians need access to a broad range of information in order to make informed decisions, and we're constantly striving to enhance the availability and accuracy of this information.

On the issue of compensation levels in the sector, the facts speak for themselves. Employment in the sector is often characterized by non-competitive salaries, few or poor benefits, and little or no pensions. Of the approximately two million Canadians who work in this sector, over 99% make less than \$250,000, but even large organizations with great financial means often find themselves at a disadvantage attracting or retaining highly skilled people, who could just as easily choose employment in the private or public sector.

Over the past several months we have shared our concerns with parliamentarians regarding the unintended consequences of this bill, and we are pleased to see the significant amendments that have been proposed. We strongly encourage members of the committee to look favourably upon those proposed amendments. Imagine Canada is firmly opposed to the compensation cap, both as a matter of principle and for practical reasons.

Charities are governed by independent boards of directors with fiduciary obligations to make decisions in the best interests of the organization, including those concerning compensation. The compensation cap would have undermined the authority and role of these volunteer boards, and would also have been highly discriminatory. No other sector would have been singled out for this treatment, regardless of the public expenditure from which many of them benefit.

As I understand from the amended bill, only one clause would remain in the proposed legislation, the one that would require the disclosure of names, titles, and compensation details for the five most highly compensated employees of a charity, if it exceeds \$100,000 a year.

We respectfully submit that this additional layer of transparency, if it's deemed necessary, is best achieved through administrative reforms rather than through legislation. CRA officials have outlined the compensation information that charities are required to provide. That is already publicly available and has been enhanced this past year.

We strongly support this level of transparency and would be prepared to see more reporting ranges added to increase transparency regarding compensation above \$350,000. We do question the added public benefit of revealing individual names. Where such practice has been introduced, the end result has been to drive executive compensation upwards.

If members still believe salary disclosure would achieve benefits that outweigh privacy concerns and unintended consequences, this can be achieved through administrative means. This would also allow greater flexibility in adjusting the parameters of these requirements over time and should unintended consequences arise.

If, despite the possibility of directing CRA to implement these changes, members of the committee deem that legislation is required, we once again strongly recommend that the amendments be accepted, but we would add two caveats.

First, where laws have been required on the disclosure of compensation details, one of the main drawbacks has been the lack of an inflationary escalator for the trigger amount. In Ontario, for example, the \$100,000 was established almost 15 years ago and has not changed. The disclosure list now includes people it was never intended to capture. We hope the members take this into account and build in an escalator.

Secondly, there are instances when there are potential personal security ramifications to full disclosure. We have heard about international development workers, but I also point out that employees of domestic abuse shelters have the same issue. They often require anonymity, and they have spoken to us about that. We believe the minister should retain the flexibility to choose, where circumstances merit, the publication of this information, and not to publish exact details where that could be an issue.

I commend you for the responsiveness that you've shown to date on this issue and welcome your questions.

• (1650)

The Chair: Thank you very much for your presentation.

We'll now hear from Mr. Blumberg, Association of Fundraising Professionals.

Mr. Mark Blumberg (Partner, Blumberg Segal LLP, Association of Fundraising Professionals): Thank you, Mr. Chairman.

My name is Mark Blumberg. I'm a charity lawyer in private practice and a volunteer with the Association of Fundraising Professionals' Canadian government relations committee. I've written quite extensively on Bill C-470, and I'm grateful for the opportunity to address you today.

The Association of Fundraising Professionals, also known as the AFP, is a global professional association for individuals responsible for generating philanthropic support for a variety of non-profit charitable organizations. The AFP advances philanthropy in society by enabling people in organizations to practise effective and ethical fundraising. The core activities through which AFT fulfills this mission include education, training, mentoring, research, and credentialing. AFP is the largest association of fundraisers in the world, representing more than 30,000 practitioners, including 3,100 members in 16 chapters across Canada.

AFP appreciates the spirit of Bill C-470, strongly supports transparency and good stewardship, and is pleased to learn of recent amendments proposed relative to the bill. However, we remain concerned about the bill for a number of reasons.

First, there are already rules on charity compensation. CRA notes that compensation should be fair and reasonable. Otherwise, if compensation were disproportionate to the services rendered, it would contravene the Income Tax Act. The CRA's fundraising guidance, which is available on the charities directorate website, also discusses good staffing processes and notes that the salary should "never exceed the fair market value for the services provided".

Second, a regulatory framework for transparency already exists. On the revised T3010B, the Canada Revenue Agency already requires that charities must provide compensation information for their ten most highly paid employees in one of nine ranges to the CRA, which then publishes them. Creating another secondary disclosure is unnecessary.

Third, non-profit board members and administrators are already subject to CRA scrutiny and have a fiduciary duty to make sure that all decisions, including those concerning employee and executive compensation, are made in the best interests of the registered charity.

Fourth, CRA already has the power to ask charities, first, to provide additional compensation detail as it deems appropriate, and second, to publish that information. This appears to make the bill as revised unnecessary.

Fifth, providing simply the name, job title, and annual compensation without context could be misleading. One researcher might be paid \$150,000 and another \$250,000. Which charity is providing appropriate compensation? Or might both be appropriate subject to differing circumstances? To know the answer, an individual would require information including, but not limited to, information on experience, professional qualifications, amount of responsibility, and comparable market compensation.

AFP has strongly supported past tough measures to enhance transparency and accountability, including the June 2009 guidance on fundraising, which owing in large part to open, comprehensive, and cross-sector consultation was well designed and welcomed by the sector. Indeed, the recent Attorney General's report, while noting capacity challenges, specifically highlighted CRA's improved performance in charity regulation and enforcement.

AFP proposes that this bill not go forward at this time. Instead, we propose that the charities directorate of the Canadian Revenue Agency be instructed to immediately and urgently undertake consultation with the sector and other interested parties about increasing transparency and accountability. CRA Canada, without changes to the Income Tax Act, has already significantly increased disclosures in the T3010B on a number of different issues, including expanding salary ranges from \$120,000 to \$350,000 and up. That did not require any legislative changes, and I don't believe Mrs. Guarnieri was even aware of that change.

AFP strongly believes that it would be beneficial to this sector, its stakeholders, and the CRA to have greater transparency and more relevant information available. CRA has a proven record of delivering on such matters.

In conclusion, AFP would like to thank the Standing Committee on Finance for this opportunity to appear, and we are available to provide any additional information you require in your deliberations on this important issue.

Thank you.

The Chair: Thank you.

We'll now hear from the Calgary Chamber of Voluntary Organizations.

• (1655)

Ms. Katherine van Kooy (President and Chief Executive Officer, Calgary Chamber of Voluntary Organizations): Thank you very much, Mr. Chairman.

I appreciate the opportunity to be able to comment in person today. My name is Katherine van Kooy and I'm the president and CEO of the Calgary Chamber of Voluntary Organizations. Our 440 members reflect the diversity of this sector in terms of the size of the organizations and the range of areas in which they operate. My comments today are really based on our concern about the implications of this legislation for the broad charitable sector.

We appreciate the response to the concerns that have been raised previously about the impact of this legislation, particularly the amendment that was introduced on November 29 to remove the salary cap. Had there been a legislated compensation cap, it would have put employees of charities into a separate class through government intervention in determining compensation that should be market-driven. In doing so, government would also be sending a very strong message that the work of the charitable sector is less valuable than that of the for-profit sector.

Our organization is committed to the promotion of high ethical standards and accountability for charities. We believe that donors, charities, and communities all benefit when donors feel comfortable that their money is being spent wisely.

Through CCVO's work, we know that one of the major issues raised by organizations in Alberta and across the country is the growing overburden of multiple reporting requirements. These requirements increase administrative costs without contributing in a meaningful way to improved accountability and services to the community. Therefore, we urge that the priority of this committee be

given to streamlining reporting requirements and improving the existing mechanisms first.

As already outlined by others, there is an existing mandatory reporting system in place for all registered Canadian charities through the annual T3010 reports that are filed with the Canada Revenue Agency. The system already requires substantial reporting of information about revenues and expenditures, fundraising costs, compensation levels, details about directors, and more. When organizations are not fulfilling their reporting requirements, or when the information provided raises concerns, we fully encourage the CRA to take action. They already have the power to do so. In fact, as you know, the CRA has the power to investigate not only executive salaries that Bill C-470 is now focused on, but other areas as well.

Some concerns have been raised about the information available on the CRA website. I would point out that the timeliness of reporting requirements is far more stringent in Canada than it is in the United States. In terms of the issues raised about accessibility of the information, that's a matter that can be resolved without the need for legislation.

The focus of Bill C-470 is now entirely on disclosure of compensation levels, including compensation for fundraisers, as though this is the only basis on which donors should choose to invest in charities. This information conveys nothing about the impact of the organization in pursuing its mission, or the value of its work in the community it serves. As a donor, that's the information I need in order to be comfortable that my donation is a wise one. Meaningful information about the potential impact of my donation is hard to find. At least it's hard to find in one central location.

I suggest it would be more effective for us to extend and improve the type and quality of information that's collected and available on the CRA website. These changes could be made simply through administrative reforms. If the committee feels it is necessary, the annual T3010 return could be adjusted, as others have suggested, to provide more information about top salaries. It makes sense to use the framework that is already in place. CCVO, and I'm sure many other organizations, would be more than happy to work with the CRA to continue to improve the quality, usefulness, and accessibility of information about Canadian charities.

We do not support the need for this legislation. However, if the committee decides that legislation is required, we urge, as others have, that two amendments be included to further enhance the positive addition of a minimum threshold for reporting the top five salaries in an organization.

First, include an escalator clause that will adjust the threshold level automatically for inflation. This would preserve the intent of reporting on executive-level compensation and not drift down over time into reporting on non-executive staff.

Second, we also feel it's essential that the minister be able to exercise discretion to deal with situations where public disclosure of the names and salaries of employees could compromise their safety.

Finally, we recommend that there be opportunity for further consultation on any new changes that may be proposed to this legislation. This is to ensure that the changes do not in turn have unexpected consequences.

● (1700)

Bill C-470 is intended to increase transparency and improve information for donors. I encourage the committee to consider whether those goals are best achieved through new legislation and new provisions regarding the same type of monetary-only information, or if what is required is more meaningful information and increased follow-through on the provisions already in place for the CRA as the regulator of Canadian charities.

Thank you.

The Chair: Thank you very much.

We'll now hear from SickKids Foundation, please.

Mrs. Patsy Anderson (Chair, Board of Directors, SickKids Foundation): Thank you very much.

My name is Patsy Anderson and I've been sitting as chairman of the board of SickKids Foundation since 2006. I've served on the board since 2001, and I'm also a trustee on the board of the hospital.

I thought as an opener I would just talk to you briefly about what SickKids Foundation is. We are the partner of the Hospital for Sick Children, which has for generations affectionately been known as SickKids in central Toronto. They have patients from across Ontario, across Canada, and around the world. Their health care workers are a huge brain gain to Canada, with medical and scientific leaders from all over the world.

SickKids has over 7,000 employees. We have over 300,000 donors and raise between \$80 million and \$100 million a year. Our endowment is currently worth \$680 million.

It's a great honour for me to hold this role. It follows many years as a SickKids parent. I'm also a donor and take very seriously how donor dollars are spent at SickKids.

SickKids Foundation supports the goal of increased transparency and accountability for the charitable sector. Our commitment to transparency and accountability is fulfilled through public disclosure of our regulatory filings with the Canada Revenue Agency and the Internal Revenue Service in the United States. These annual filings include detailed information on the costs of fundraising and administration of our foundation, and in the case of the IRS filing, the actual compensation paid to named senior employees. Indeed, SickKids has been publicly disclosing salaries paid to senior employees for more than ten years, and we are prepared to do so with the Canada Revenue Agency if asked. The foundation's annual report and audited financial statements are also publicly available on our website.

SickKids Foundation does not support a compensation cap on charity salaries, and we applaud member of Parliament Albina Guarnieri for removing this element from her proposed bill.

Professional fundraising employees and dedicated volunteers help to generate \$112 billion in revenues in Canada's charitable sector. Very large charities like SickKids Foundation are complex

organizations, and our senior staff are required to provide leadership in fundraising priority setting with the Hospital for Sick Children and dozens of fundraising programs.

The investment management task is very complex, with the endowment I referenced earlier. Our governance is very complicated, and we pride ourselves on best practices. Grant-making is also very complicated. I think you would be interested to know that SickKids Foundation has granted over \$75 million outside of the Hospital for Sick Children to pediatric researchers from coast to coast to coast in Canada. We also have complex brand management tasks, stakeholder relations, and human resource management. This is a very complex job.

This requires that we attract and retain leaders who have a broad range of skills, proven track records of success, and professional credentials. It also requires us to compensate them according to the scope of their responsibility, in comparison to what they would earn in other leading not-for-profit positions.

The compensation objectives, philosophy, and annual salary increases at SickKids Foundation are approved by the compensation committee and the board of directors annually. It's a very thorough review with best practices, and we're very proud of it. Based on these findings, the board approves any changes to salaries to keep them competitive. We are concerned that a compensation cap will deter the recruitment of new young talent into the charitable sector, which I believe is critical for the health of the sector going forward.

In summary, we support all efforts to make charities transparent and accountable for their operations. We welcome opportunities to work with the government to find ways to increase transparency and accountability, without interfering with the ability to raise money for good purposes that benefit society.

Thank you very much.

● (1705)

The Chair: Thank you very much, Ms. Anderson.

We'll now hear from the Kingston and District Labour Council.

Mrs. Joan Jardin (Treasurer, Kingston and District Labour Council): Hello, and thank you to the Standing Committee on Finance for allowing me a few minutes to address your honourable members.

I'm here today on behalf of all the affiliates and community members of the Kingston and District Labour Council. I'm sensing it's quite a different position or background from that of a lot of my esteemed colleagues here.

We have been chartered with the Canadian Labour Congress since 1956. I'm Joan Jardin, and I'm the treasurer of the labour council. We represent over 40 member unions and 156 union locals in the Kingston region. Our membership totals almost 10,000 workers, in addition to many community coalitions and groups. We are active in labour concerns and in employment, municipal, provincial, federal, and social issues.

As you're aware, there's a strong partnership between organized labour in Kingston and the United Way serving Kingston, Frontenac, Lennox, and Addington. I have personally been in the campaign cabinet as labour liaison for over seven years, and I've also worked on the citizens review panel, where we do the real accountability, not the paper accountability that can be published in a quick snippet. We actually go to the agencies. We look at their income. We look at the programs. We take a look at their actual outcomes, and we also visit the organization. So we do the real accountability. We can actually take a look at the organizations. Just taking one piece out of the other really is information in a vacuum and really does pit people against each other.

It's due to this very important relationship that we feel it's necessary to inform you of our thoughts surrounding Bill C-470. I hope you've received a copy of the letter that we have sent. If passed, this legislation would have a far-reaching impact, not only on the charitable sector, but on many institutions, such as schools, hospitals, universities, and more. To the extent that this bill seeks to further strengthen transparency and disclosure, we are in principle supportive. There are, however, some serious issues that the Kingston and District Labour Council sees with the bill. The Kingston Labour Council has identified five areas of concern, which will have a direct and negative effect on our community. On behalf of those I represent, I sincerely ask that this bill not be passed as written and that this committee consider all ramifications of the language in this piece of legislation.

Also, I wear another hat—and I haven't actually seen all the amendments proposed, because I actually have a full-time job in addition to working for agencies—in that I'm a teacher, and when I look at this, it seems as though there's been a problem, and you're trying to hurt the class, and I don't think any of you would like that. If there are some particular issues, we address those issues, and we find ways to deal with those. Also, I believe in accountability, but I don't believe in pretend accountability, so I think we really have to make sure we're not just making extra work for people, but that we actually are looking deep into the very important issues of charities. I wish we didn't need charities, but unfortunately we do.

First, of course, is disclosure. The disclosure requirements could be quite problematic for the vast majority of charities that are very small and have very few employees. The small charities will be forced to publicly disclose names and salaries of their staff. Of course, given the amendment changing it to \$100,000, that disclosure will be a bit limited, but especially if it's a small charity, it will certainly be possible to pinpoint who they are, and that's a bit of an issue.

The Chair: You have one minute.

Mrs. Joan Jardin: This invasion of privacy, particularly in rural or smaller communities, is unjustified. Of course I do want to reiterate the fact that it could also cause increased risk for people in

certain fields. For example, in rape crisis centres and domestic abuse shelters, workers are often anonymous to increase their personal safety. To the extent that they fall under the disclosure requirements, they would lose this anonymity and could be put at risk.

Any reporting system is a problem. We're opposed in principle to a compensation cap, but that's been talked about. And of course there's always that index, and once it's put in it's very difficult to change. Lack of consultation has been a problem. And frankly, especially since we don't always deal with the big charities.... We deal with the people we know, and for over 74,000 people in Kingston, just one in two people in Kingston have used the agencies of the United Way. Let's not make their work harder. Let's actually let them spend their time working on the actual agency and program that they want.

• (1710)

The Chair: Thank you. Thank you very much for your presentation.

We'll start members' questions with Mr. Pacetti.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses for appearing.

Ms. Jardin, I think you hit the nail on the head in your presentation, saying that we don't want to dismantle the whole class. Unfortunately, that's the consequence that happens when you have a few bad kids in the class, right?

Mrs. Joan Jardin: No.

Mr. Massimo Pacetti: The innocent ones sometimes pay the price.

I heard the presentations, and I think some of the organizations here are doing a good job. I can't say specifically which ones. I have my own personal opinion. But I think some of the presentations are a little bit disappointing, I have to say, because all we're asking for is some transparency and what we're asking for is some help here. I'm not going to speak for all the members, but my feeling is we're all on board here, and we're going to try to make this a better bill and we need your help. If you don't want to help, we're going to make it a better bill based on what parliamentarians think, and I don't think you want that.

We have disclosure. I understand what you're saying. We have disclosure, but the disclosure is in ranges. We don't want ranges, we want exact amounts. That's been clear.

The T3010B does not allow for details. The CRA officials were here last week. The testimony was public, so you must have read the minutes from that. The T3010B is not appropriate.

Somebody mentioned they want government to decide what is reasonable for salaries. I don't think we want that either. I think we want donors to decide. Organizations are benefiting from government subsidies, directly or indirectly. So we want the donors to decide. CRA does not have the ability to audit all the organizations. I'm not going to tell you what the stats are because it's kind of horrendous.

No one here has said that charities or people working in the charitable sector should not get paid. No one here around the table has said whether you should be getting \$1 or \$1 million. No one has said that. What we're saying is that we want transparency. The CRA definitely does not have the tools, and in the end that's what we're trying to do.

Somebody spoke about minister discretion, so if somebody could send us a recommendation in the next 24 hours of what they would like to see for the minister to have discretion.... But the last thing you want is for a minister to have to pick and choose which organizations should disclose and which ones should not.

The escalator clause: again, if somebody has wording, I would appreciate that. You could send them through the clerk.

The security issue: we've heard some arguments. I'm not going to get into the details, but you have to explain what the security issues are going to be. Again, provide us with a recommendation that you would be comfortable with.

I have a recommendation that I want to get your opinion on. Albina changed her bill slightly, so we're going to just focus on the executives who receive \$100,000. What I would propose is to add—I'll read the whole thing—the name, job title, and annual compensation of the five executives or employees with the highest compensation, provided it exceeds \$100,000 annually, of any corporations related to the registered or previously registered charities.

I got this from a Conservative member who was substituting. I have no problem saying I plagiarized it or I'm taking it over. There are some charities that are using registered incorporations, so we'd like to include those.

Does anybody have a problem with that amendment or recommendation?

The Chair: Mr. Blumberg.

Mr. Mark Blumberg: Yes. I'm not really sure what that means. The charities have relationships with different entities, either as non-profits or for-profits, and this was referenced last Monday. The CRA was a little perplexed, I think, because there was no specificity. Are we talking about social enterprise here, or are we talking about captured charities working for fundraising organizations? It's not clear what the issue is.

• (1715)

Mr. Massimo Pacetti: My understanding is that rather than having a director or a person receiving a salary, he or she is getting a salary through an incorporated entity.

Mr. Mark Blumberg: Okay.

So in many of the charities, especially small charities, when you see administration or fundraising costs of zero, in large part there's a generous business person who's basically paying all the costs. If you're saying you want to have greater transparency and you want to know when people are doing that, to have that come in so that when businesses provide any support, for example, to charities, it certainly sounds like an interesting idea. However, it's going to really mean that you're going to have to take the regulation that applies to charities and extend it over to non-profits and also to for-profit entities. I'm not opposed to that at all, because I believe in transparency.

The other point I would just make is that we have—

Mr. Massimo Pacetti: It's the disclosure of the expenses. It's not the disclosure of the revenues; that's a different side.

Mr. Mark Blumberg: Are you talking about a corporation spending the money?

Mr. Massimo Pacetti: The charity is paying someone. Rather than disclose a salary, they're going to find another way to pay somebody indirectly what they can't do directly, meaning they're going to spin it through an incorporated company.

Mr. Mark Blumberg: This current piece of legislation talks about an executive or employee, so if that person is acting as an important —

Mr. Massimo Pacetti: Or related corporation.

Mr. Mark Blumberg: You're adding “or related corporation”. I think again it would be helpful if one understood exactly what the issues are. From what you're saying, I gather the issue is that you're worried about maybe paying a company that will do fundraising, perhaps, or do some sort of charitable service. Then that's going to mean that one is going to require full disclosure of every amount that charities potentially pay. It's going to create all sorts of unintended consequences, and I think the basic idea here is—as a number of people have mentioned—that before one adds things that result in all sorts of other negative externalities, one should consult on that.

Mr. Massimo Pacetti: I was going to give Mr. Berger a chance to step in.

Mr. Berger.

Mr. Ken Berger: To avoid the disclosure of the CEO's salary, we have seen situations where charities will have the leader either as a contractor or in some other non-profit corporation, so it has been used as a tool to hide salaries. That is a way some organizations will try to avoid that particular scenario I've just described.

Mr. Mark Blumberg: In that very scenario that was mentioned, it's very clear that the legislation covers the executive.

The Chair: Thank you.

I'm afraid Mr. Pacetti's time is up. We'll have to move on.

[Translation]

Mr. Carrier, please, you have seven minutes.

Mr. Robert Carrier: Thank you.

Good afternoon, ladies and gentlemen.

I'm going to start by speaking to the representative of Imagine Canada. Your presentation disappointed me somewhat, in view of the fact that you represent all charities, I believe.

You say you are in favour of transparency, but you're reluctant when it comes to disclosing salaries. You say that may violate privacy and that the publication of specific details jeopardizes the safety of certain individuals.

You cite the example of people working in international development who often find themselves in some of the most dangerous places in the world. So you cite very specific situations as an argument.

Let's consider that argument. If a security problem arises for people working in the international development field, I believe that's more a consequence of political actions that are taken, not actions based on a specific salary.

That disappoints me somewhat. It seems to me that you didn't make enough of an effort to put yourself in the shoes of donors, of people who have to make donations to organizations. All those who say they oppose this—and that's somewhat the impression this gives me—are protecting the interests of their organizations, and that's normal. However, I believe you have to put yourself in the position of people who have to give.

A number of organizations deplore the fact that donations are declining in Canada. They want to increase tax credits in order to promote donations, to help people give more. Everyone we consult in this field wants transparency. They at least want to be informed and not to be kept in the dark.

I'm going to let Mr. McCreesh continue.

• (1720)

[English]

Mr. Don McCreesh: Perhaps my comments were misinterpreted, sir. Imagine Canada is fully supportive of disclosure. We want more disclosure, more transparency—not just salaries, though. One of the issues is this focuses only on salaries. Charities and organizations have a number of costs.

We've been working on creating a set of standards for the sector. It's going to become a program where people volunteer and sign up for governance, financial accountability, and transparency sectors. Most of the organizations here today are working with us to do this, and we support what's in there for disclosure. My comments were that there are just two caveats, and they're going to apply to very few people. Just make sure there's an escalation clause so it stays relevant in the years ahead and there are some safety and security.... There will only be a few people, I'm sure, but we need to make sure they're protected.

[Translation]

Mr. Robert Carrier: I read in your presentation that you represent 1,400 organizations across the country.

I'm going to link my comments to those my Mr. Blumberg, who represents fund-raising professionals and who says he has

3,100 members in Canada. So that's much more than Imagine Canada.

I wonder if Imagine Canada is—

[English]

Mr. Mark Blumberg: These are individuals.

Mr. Don McCreesh: We are organizations.

[Translation]

Mr. Robert Carrier: The members you refer to, Mr. Blumberg, are fund-raising professionals; they aren't necessarily representatives of organizations as such, are they?

[English]

Mr. Mark Blumberg: No. Actually it's broader than that. Many of them are professional fundraisers, but there are also professional advisers, accountants, lawyers, and others who are interested in fundraising.

Many people in the charities sector are not only involved with one thing like running a charity or fundraising or doing charitable activities, but they also do a mix of things.

We just had a conference in Toronto with 1,000 people for three days, and it was a mix of different people who are working in charities. Many people, fortunately or unfortunately, have to deal with fundraising, whether they like it or not.

[Translation]

Mr. Robert Carrier: Is your organization as such also registered as a charity, or are you simply contract professionals working with organizations?

[English]

Mr. Mark Blumberg: I'm sorry, I'm not sure if I understood that. I'm actually with a law firm. I'm a volunteer here, and I'm on the Association of Fundraising Professionals' government relations committee. We basically are volunteers who are interested in public policy that relates to charities and issues relating to charities.

[Translation]

Mr. Robert Carrier: However, you represent professionals who work for philanthropic organizations, don't you?

[English]

Mr. Mark Blumberg: Yes, that would be a lot of the people who are involved, correct.

[Translation]

Mr. Robert Carrier: Is your association registered as a charity? Would it be directly concerned by the bill?

[English]

Mr. Mark Blumberg: No, I don't believe the association is a registered charity, and it wouldn't be affected. It's the individual members who would be affected and all the charities they're involved with.

In many cases, it's not fundraisers who are receiving the higher salaries, it's people who are involved with running very complicated institutions or medical doctors, researchers, and others. In some cases it could be fundraisers, but in most cases, or many cases, it's not going to be fundraisers. It's going to be other people, their compatriots and co-workers, who are going to have to deal with this issue, yes.

[Translation]

Mr. Robert Carrier: When you say that the bill would have very negative consequences for the work of those organizations, you mention hospitals, universities, people who perform professional duties within the organization—

The Chair: You have one minute left.

Mr. Robert Carrier: —without necessarily being involved in fund-raising.

So you don't believe in judgment and transparency, that is that information could be disclosed; you don't believe that people could judge the salary of each person. You think that salaries are simply, regardless of people's positions... You believe that the impact would be negative.

[English]

Mr. Mark Blumberg: What I would say is that there are huge possibilities for advancing transparency in the charitable sector.

I'll give you an example. For 80,000 non-registered charities that are non-profit organizations, there is zero transparency about their work. That's 80,000 organizations in Canada that have to file a form, many of them a two-page form, but CRA is forbidden to disclose it because the Income Tax Act under section 241 prohibits it. That's something this committee could look at at some point and think about. These documents are being filed. There are 80,000 non-profit organizations that are not registered charities, but CRA is forbidden to disclose it.

The other point I would make is that one of the issues is that there's about six billion dollars' worth of charity-gifting tax shelters that I'm sure CRA has advised you about, which is one of the biggest problems the charity sector has. CRA is forbidden to say anything about those individual organizations until they lose their charitable status, again because of section 241, which are the confidentiality provisions of the Income Tax Act.

• (1725)

The Chair: Thank you. I'm sorry, we do have to cut you off. We are over time.

We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

I want to thank you and the clerk for putting together the panels today. I know that there was some pressure because of the number of groups that wanted to appear, and you did a fantastic job. I want to thank you for that. You are the gold standard, by the way.

I have two quick points, then I have a question. On the part we heard from this panel and the panel before about security issues, my colleague here, Cathy, has pointed out to me on her machine here that in health, you have to post salaries of over \$75,000 in the

nursing sector. There are almost 2,000 nurses here with salaries of over \$75,000. These nurses work in all different areas, not just in hospitals. They also work in halfway houses and women's shelters and wherever. It's a hard pill for us to swallow that there is a security issue on the transparency piece. It does happen, and I don't think it has caused that much trouble.

I will be bringing an accelerator clause to the meeting next week.

My next point is that this is why I'm not a big fan of private members' bills. I think they do a great job. Albina's bill got you here and got us talking about the issues and the problems of transparency and other issues, but it's down to one clause.

Most of us, when we have a bill to deal with, have a whole binder, with background information, consultation, and so on and so forth. This is what? It's an eight-clause bill that is down to one. It's done a great job of making the issue apparent to us in terms of there being issues with transparency. I think there are, as we heard from the previous panel and from this panel, other things we could be working on to make the charitable sector more efficient and more effective and delivering better for Canadians and the charities they're trying to serve.

My personal opinion is that a private member's bill is not the way to do this. It does bring it to our attention. I will likely be supporting the one clause that's left in it, but I think there's another private member's motion to force us, as a committee, to look at bigger, broader issues in the charitable sector. I think that's where we should be going.

My final question is for our friends from SickKids. I know that you mentioned that you're a SickKids mom. Well, my mother was at SickKids when she was a child. Her doctor just passed away last year.

Mrs. Patsy Anderson: Was that Dr. Salter?

Mr. Mike Wallace: Yes. Dr. Salter was her doctor. So I just want to thank SickKids for the work they've done over the decades they've existed.

We're here partially because of what happened at SickKids, or at least because of the news about what happened at SickKids. I want to give you an opportunity to tell us about it from your perspective and to maybe set the record straight, as people would say. There was a newspaper article about salary and so on. I want to give SickKids an opportunity to clarify for us, for our education, what actually was the issue and how it was resolved.

Mrs. Patsy Anderson: Thank you very much.

I welcome that opportunity, because as I mentioned earlier, we had a leader with a very complex employment agreement. It was a difficult situation to get across when we were asked about it by the media a little over a year ago.

What I would say is that our IRS filing, which we filed in late September of 2009, disclosed that for the prior president of the SickKids Foundation, the number on our 2008 filing was \$2.1 million for the departure of that leader. In addition, there was an annual salary figure and other smaller items, which added up to \$2.7 million. This was a number that was picked up by *The Toronto Star* after they looked at our IRS filing.

The first thing I think it is very important for the entire committee and my colleagues at this end of the table to know is that we did not pay a salary of \$2.7 million. This number was a composite. It included annual salary, benefits, elements of incentive compensation, and other contractual obligations over a period from 2003 to 2010.

• (1730)

Mr. Mike Wallace: That's seven years.

Mrs. Patsy Anderson: Yes, it's seven years.

I would add that I had the opportunity to sit on the search committee in both 2003 and in 2009 in selecting the foundation executive to lead SickKids Foundation. We thought very big in 2003. We knew we had to raise the level of the foundation and its support of the Hospital for Sick Children to maintain this wonderful hospital as a world leader.

In the five years before we selected that leader we raised \$227 million, and in the five years after we selected that leader we raised \$489 million. The board was very happy with the performance of that leader, and we believe we did the right thing. I think really it's a board that is very dedicated to the excellence at the Hospital for Sick Children, and right across their foreheads every day is the question, what is the best thing for SickKids? We knew we could no longer sustain the excellence of our research institute and world-leading equipment if we were only raising \$40 million a year, so we thought big and we hired a foundation executive who raised the bar significantly, so that we raised \$489 million during his time there.

Mr. Mike Wallace: Thank you.

Do I have any more time?

The Chair: You have about thirty seconds.

Mr. Mike Wallace: This is just a clarification concerning what Mr. Chong was talking about. There is an organization, and I'll give you a good example. I won't name it. They have the same address as the charity and they claim that all their profits go to the charity. So they are in business, the individuals are collecting salaries out of the side that is the business, and there's no control on how much salary they're collecting and how much profit they make. They're working off the name of the charity, in his view.

That's exactly why I think we should have a bigger, broader discussion on what we should be doing in the charitable sector than a little amendment on a one-clause bill.

Thank you.

The Chair: It's going to have to be a point of clarification.

Monsieur Mulcair, *s'il vous plaît*.

[Translation]

Mr. Thomas Mulcair: Thank you, Mr. Chairman.

I mostly agree with Mr. Wallace's opinion; we need more. It's not because we need to do something else that we shouldn't at least do that now. In my view, the bill that Mr. Wallace describes as being virtually reduced to a single clause, will nevertheless be a first step for the public.

[English]

Mr. Berger, I wanted to say that you've now replaced my former favourite image for explaining to people what causality means. From now on, I'm going to have your buffaloes and your text messages. My former one was to explain to people that it's not because every time there's turbulence in a plane the "fasten your seat belt" light goes on that the "fasten your seat belt" light actually causes the turbulence. But yours is better.

I thank you for the lucidity and the clarity of your responses.

Mr. Ken Berger: Thank you.

Mr. Thomas Mulcair: Here is a quick question for you. Are we missing something, if we don't go after subcontractors? You told us that this might be a technique that could be used. Whether it's a lawyer siphoning off a huge salary in a contractual form or what Mr. Wallace just described, somebody with a way of having a package.... As I listened to Madame Anderson giving us her explanation about the package, I gathered that it was a composite, but included a whole bunch of things.

Are we missing something in our definition?

Mr. Ken Berger: Absolutely, but I think the point is that there is going to be a never-ending number of creative ideas for ways to scam the public. Whatever you do, there will be these kinds of iterations, and it could go on and on. That doesn't take away from the value of what you're proposing, but the iterations are almost endless. You know, it's as if you squeeze the balloon, and then it's on the top—you know: it pops out.

Nonetheless, we've seen a substantial reduction in the amount of abuse when the light is shone on this kind of thing.

Mr. Thomas Mulcair: This area definitely needs some light, and this is a non-partisan approach. We're from different political parties, but I honestly say that my colleague Madame Guarnieri has really shown that something has to be done. All of the presentations today and all of the different attempts to say that there's this security issue or there's that, and "don't do this to us, this will hurt", have convinced me more than ever that she's right. My support for this is a lot stronger at the end of this exercise than it was at the beginning.

I would like to ask Madame Anderson to give me an explanation of one thing she mentioned. She said, and I quote, that the clause that would be left in this statute would be "interfering with the ability to raise money". Is it a fair interpretation that the disclosure of the top salaries would interfere? That was your expression, but maybe it came at the end of your presentation.

• (1735)

Mrs. Patsy Anderson: I don't think that was me—"interfering"?

Mr. Thomas Mulcair: It was. Yes, it was interfering with the ability to raise money.

If that's not one of your concerns, you can say that as well.

Mrs. Patsy Anderson: No, that's not....

I'm not concerned. I have met with many donors who have a thorough understanding of our cost structure and the sophistication and complexity of our foundation. They're very supportive of our compensation.

Mr. Thomas Mulcair: Let me ask you the question another way.

Do you have any hesitation whatsoever in supporting our common purpose to at least declare the top five salaries above \$100,000? Do you have any problem with that?

Mrs. Patsy Anderson: None.

Mr. Thomas Mulcair: Thank you. That's a clear answer.

[*Translation*]

That's good. Thank you.

[*English*]

The Chair: Thank you.

I want to thank all of you for being with us here today. Clearly, your concerns have been heard by committee members.

If you have anything additional, as Mr. Pacetti said, in terms of specific wording, the committee will be doing clause-by-clause examination of this bill on Wednesday. We would appreciate receiving suggestions as soon as possible. I will ensure that all members receive the information.

Thank you all for being here.

Colleagues, the meeting is adjourned.

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