



Bill C-470 Talking Points

- Bill C-470, introduced by Albina Guarnieri, Liberal MP for Mississauga East-Cooksville, would allow the Minister of National Revenue to deregister any charity, private foundation, or public foundation that paid ANY employee a total compensation of more than \$250,000 a year.
- Although AFP appreciates the spirit of the bill and strongly supports transparency and good stewardship, AFP opposes the imposition of the salary cap proposed in Bill C-470.
- The Canada Revenue Agency (CRA) already regulates compensation through the Income Tax Act and the T3010 form. On the revised T3010, charities must provide salary information for their ten most highly-paid employees to the CRA.
- No other sector has been constrained by a government-imposed salary cap. It seems inequitable to single out the charitable sector, and this kind of government intervention undermines the governance responsibilities of all charities, including those smaller organizations whose employees are more modestly compensated.
- The salary cap would apply to all employees, so this salary cap would not only apply to executives, it also would restrict the salaries of researchers, doctors, specialists and other highly-trained employees working in the charitable sector. Impacted organizations without a strong and competitive compensation structure for these employees would be unable to effectively or efficiently carry out their vital work.
- A salary cap would drive highly qualified individuals out of the charitable sector and into the for-profit world where their careers would not be limited by a government-imposed compensation ceiling. This could lead to a serious drain of talent from the sector and even from Canada—some may choose to work instead in other countries where no such compensation restraints exist.
- Nonprofit board members and administrators are already subject to CRA scrutiny and have a fiduciary duty to make decisions – including those concerning executive compensation – in the best interest of the mission of the organizations.
- There appears to be no course of action for when inflation inevitably renders \$250,000 as a relatively lesser value (compared to today's standards).
- An arbitrary salary cap would have immense negative, and likely unintended, impacts on the valuable work of the charitable sector and will considerably impede the sector's ability to provide vital services and assistance to Canadians. We strongly urge you to oppose the arbitrary cap proposed in Bill C-470. Thank you.