



**ACCC Submission  
to the  
House of Commons  
Standing Committee  
on Finance  
on  
Bill C-470**



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The Association of Canadian Community Colleges (ACCC) welcomes the opportunity to provide comments to the Standing Committee on Finance as it considers Bill C-470, an Act to Amend the Income Tax Act (revocation and registration).

ACCC is the national and international voice of Canada's 150 colleges, institutes, polytechnics, cégeps, university-colleges and universities with a college mandate. With campuses in 1,000 urban, rural and remote communities, 1.5 million learners, and 60,000 educators, these institutions draw students equally from all socio-economic quarters, and supply graduates with the advanced skills essential to Canada's economic growth and productivity. Colleges encourage business formation and sustainability by growing the local talent pool, by re-skilling displaced employees, by offering customized education, and by providing applied research and development support to local businesses.

Colleges and their foundations are registered charities under the Income Tax Act. While we support the goal of increased transparency and accountability that motivated the Bill, there are elements that will have a direct negative impact on colleges.

The proposed salary cap must be removed from the legislation. Colleges that already have employees remunerated above \$250,000 annually would have to deregister or risk non-compliance as the Bill does not allow for Ministerial discretion to exempt an organization. In response to the recession, provincial/territorial governments are reducing investments in post-secondary education while at the same time colleges are struggling with capacity issues and trying to meet demands of employers. Loss of charitable status would seriously impede fundraising and the ability of institutions to respond to the crisis in advanced skills facing the country.

Colleges are multimillion dollar organizations that deal with complex management issues. To attract high calibre personnel they must offer compensation that reflects the nature of the work and ensures the ability to recruit and retain highly qualified personnel.

Bill C-470 undermines the autonomy of Boards of Directors. Colleges are governed by independent, government appointed Boards which have a fiduciary duty to make decisions including those concerning executive compensation in the best interest of the college. This Bill would limit the autonomy of Boards. The compensation cap essentially says that college Boards cannot be trusted to make responsible, financial decisions. This is unacceptable.

All charities, in particular smaller ones which do not remunerate any employees at \$250,000, are concerned about the disclosure of the compensation for their five most highly paid employees. This disclosure will be an unnecessary and unwarranted invasion of privacy.

CRA's Charities Directorate already has tools at its disposal to guarantee transparency and accountability. The Income Tax Act provides the Minister with the authority to investigate and take action in cases where individuals are deemed to be deriving undue personal benefit from their positions at charities.

**Recommendation:** We encourage the Committee to consider the existing authority of the Charities Directorate, as the adequate mechanism for ensuring transparency and accountability and to defeat Bill C-470. Should the Committee determine additional transparency measures of Bill C-470 are necessary, then the salary cap reference should be removed.