



# **Bill C-377 – An Act to amend the Income Tax Act (requirements for labour organizations)**

## Resource Materials

9/19/2012

## **Bill C-377 – An Act to amend the Income Tax Act (requirements for labour organizations)**

This enactment amends the *Income Tax Act* to require that labour organizations provide financial information to the Minister for public disclosure

### **Standing:**

This Bill was referred to the Standing Committee on Finance (FINA) on March 14<sup>th</sup>, 2012 for consideration and potentially public hearings. On June 21<sup>st</sup>, the report of the Finance Committee was presented in the House and a request was made for an extension of 30 sitting days to consider the Bill.

### **Coverage:**

All labour organizations including “a labour society and any organization formed for purposes which include the regulation of relations between employers and employees, and includes a duly organized group or federation, congress, labour council, joint council, conference, general committee or joint board of such organizations.” Labour trusts are also included which may include Pension plans, benevolent funds, raining funds and the like).

### **Requirements:**

All labour organizations (Including local affiliates) will be required to submit the following annually for public posting:

1. A set of financial statements;
2. A set of statements for amounts over \$5,000 including the name and address of the payee including:
  - a statement of accounts receivable,
  - a statement of loans receivable, including all loans to officers, employees, members or businesses exceeding \$250,
  - a statement showing the sale of investments and fixed assets including a description, cost, book value, and sale price,
  - a statement showing the purchase of investments and fixed assets including a description, cost, book value, and price paid,
  - a statement of accounts payable,
  - a statement of loans payable,
  - a statement of disbursements to officers, directors and trustees including gross salary, stipends, periodic payments, benefits (including pension obligations), vehicles, bonuses, gifts, service credits, lump sum payments, other forms of remuneration and, without limiting the generality of the foregoing, any other consideration provided, and a record of the percentage of time dedicated to political activities and to lobbying activities,
  - a statement of disbursements to employees and contractors including gross salary, stipends, periodic payments, benefits (including pension obligations), vehicles, bonuses, gifts, service credits, lump sum payments, other forms of remuneration and, without limiting the generality of the foregoing, any other consideration provided, and a record of the percentage of time dedicated to political activities and to lobbying activities,
  - a statement of disbursements on labour relations activities,
  - a statement of disbursements on political activities,
  - a statement of disbursements on lobbying activities,
  - a statement of contributions, gifts, and grants,
  - a statement of disbursements on administration,

- a statement of disbursements on general overhead,
  - a statement of disbursements on organizing activities,
  - a statement of disbursements on collective bargaining activities,
  - a statement of disbursements on conference and convention activities,
  - a statement of disbursements on education and training activities,
  - a statement of disbursements on legal activities, and
  - any other prescribed statements;
3. A statement showing all labour relations expenditures including salaries paid to officers and employees

### **Potential Issues**

The CLC estimates that it would take the average local 200-400 annually to prepare the returns

The Bill singles out labour unions and does not apply to other dues collecting professional organizations.

A detailed description of any contractual arrangement with suppliers exceeding \$5,000 would have to be posted on the CRA web site including names and addresses of suppliers thus making public the private business relationships entered into with suppliers.

Provisions of the Bill may conflict with the Privacy Act and the Personal Information Protection and Electronic Documents Act with respect to personal information and commercial activity. According to the Multi-Employer Benefit Plan Council of Canada, "the Bill proposes to require disclosure of personal information (including personal health and medical information) which conflict with legislation already in place."

Currently most provinces require that financial statements of unions be provided to members. This Bill appears to create requirements that would normally be in Provincial and Territorial jurisdiction.

## **Bill C-377: Costly and Discriminatory**

**Discussion points for use in interviews, letters, briefs, etc. - Adapted from Speaking points prepared by the CLC**

### **1. This is a Bill trying to solve a problem that doesn't exist.**

- The CTF and all its Member Organizations make their decisions in an open and democratic way providing transparency to their members.
- Teacher organizations' financial statements are already open to all members. Budgets are voted upon and spending is monitored by the membership.
- Member Organizations distribute financial reports to their members on an annual basis.

### **2. This Bill will be very costly for the government to administer, and it will therefore cost taxpayers a lot of money.**

- According to the CLC, there are 25,000 union organizations, and internal divisions of union organizations in Canada that will have to file incredibly detailed reports under this Bill. All those reports will have to be processed.
- There will be a huge cost to government to develop all of the regulations needed to enact the legislation, to develop and prepare all of the forms and instruction booklets required, to develop the software programs to file, receive and process the information, and to develop an online searchable database. A conservative estimate is that this will generate additional costs in the hundreds of millions of dollars.
- The government will need to employ many full-time staff: auditors, accountants, lawyers and administrative workers to process those reports. In comparison, there are currently about 100 employees at Canada Revenue Agency (CRA) processing and auditing charities which have disclosure requirements not even close to the detailed reporting requirements that are proposed in this Bill
- The Bill would serve no useful purpose and will only cause needless busy work for unions – but will benefit employers.
- Russ Hiebert, the MP behind this Bill said: “Public disclosure will help the public better understand how the benefits that are provided are being utilized.” But he also said in an interview that he had not received a single call or complaint from any member of a union or the general public saying they wanted the information and were unable to obtain it.
- This Bill would allow employers and anti-union groups to get extremely detailed information about everything a union spends money on, and how strong the union they are bargaining with is. This information which will be provided to these groups, at taxpayers' and union expense, can be used to threaten collective bargaining rights and organizing drives.

- In the United States, a similar data base is a gold mine of information for anti-union employers.
- The strongest supporters of this Bill in Canada are the Merit Shop Contractors and other open shop contractors (many of these contractors are resisting union efforts to use properly trained and qualified tradespeople), the Canadian Federation of Independent Business, and the Fraser Institute.
- Russ Hiebert stood in the Parliament and made statements that are completely false and designed to mislead people.
- Hansard, the official record of debates in Parliament reports that he stated, “unions already file detailed financial returns with CRA, providing much of this information”. That statement is simply untrue.
- He also said, “filing would not impose any additional outside expense on labour organizations”. Again, this is not true. The United States Office of Management and Budget estimates that in the US, completing the forms under their legislation, which requires less information that Bill C-377 requires over 550 hours of work each year – the equivalent of one person working for three months to complete the task.
- And the Canadian legislation would apply to all national, international, and regional unions, components and local unions along with Federations of Labour and Labour Councils – approximately 25,000 organizations.
- Most of the local unions and many smaller national unions, which depend on volunteers to carry out their work, simply do not have the resources to do this themselves and if required, to hire professional staff from outside, may need to reduce expenditures in other areas to offset the increased cost of compliance.
- Hard working women and men pay into their labour organizations to protect and advance their rights in the workplace and in society. The time and money allocated to do those reports will be money not spent by labour organizations to defend their members.
- The proposed Bill is an intrusion into the internal affairs of unions to provide information to employers and anti-union groups while penalizing unions with significantly increased costs.
- The Bill's discriminatory treatment of unions reveals a hidden agenda.
- This legislation does not apply to other organizations that also charge dues that are tax deductible by the members such as professional organizations like the Law Societies and the Canadian Medical Association.
- The fact that the proposed legislation only targets unions reveals a hidden agenda where taxpayers bear the cost of collecting and making detailed information available to big businesses who don't want their employees to exercise their right to join a union.

### **3. Privacy rights would be violated.**

- This Bill violates the privacy rights of many individuals, companies, and organizations. It requires that all transactions and all disbursements over \$5,000 be shown along with the name and address of the payer and the payee, the purpose and description of the transaction and the specific amount.
- This means every business or professional that does work for a union will have all of the information about what they are charging and what their contracts are, disclosed to the public, and therefore to their competitors. The effect would be bad for businesses that have contracts with union offices. Businesses like photocopier suppliers, telecommunications companies, and office supply companies would have their negotiated contracts publicly available for their competitors to see.
- The Bill would also require labour organizations to disclose specific details of any invoice from a legal firm over \$5,000. This is a gross violation of solicitor client privilege. No one should be required to disclose to the government and the public, the details of their relationship with their legal counsel.
- Trusteed pension and health plans will have to disclose the details of all pension and health related expenditures over \$5,000 which again violates individual privacy rights.
- The requirement that there be a report of all disbursements to employees means that everyone from the receptionist who answers the phone at a union office to the president will have their names, salaries and benefits disclosed to the public. Yet the Prime Minister's Office says it cannot disclose the salaries of people working there because it would be an invasion of privacy. Sounds like a double standard.

### **4. The hidden agenda – interference in labour relations.**

- This Bill, is not at all about taxes, so doesn't belong in the *Income Tax Act*. It is clearly interference in the labour laws of this country, most of which are in provincial or territorial jurisdiction. It is an overt interference in the labour relations process designed to give significant advantages to employers, at taxpayers' expense.

March 12, 2012

I'm writing to seek your assistance in contacting your Member of Parliament concerning Bill C-377. In its current form, Bill C-377 would be the most costly and discriminatory Bill faced by the labour movement across Canada in memory. The Bill passed second reading in March and is currently before the Standing Committee on Finance.

Bill C-377 is a Private Member's Bill sponsored by MP Russ Hiebert. The Bill will require every labour organization (local union, labour council, branch, lodge) and every labour trust (pension plan, benevolent fund, training fund, and health and welfare fund) to file a public information return with the Canada Revenue Agency (CRA). The Bill would require all unions and each of their locals, area councils, etc. to disclose detailed financial information, salaries, supplier contracts, loans, accounts receivables, investments, and spending on organizing, collective bargaining, education and training, lobbying and all political activities.

The requirements are so detailed and so broad that the Canadian Labour Congress estimates that it will take the average local union 200-400 hours annually to prepare the returns at significant cost to local unions' treasuries. This Bill singles out labour organizations only. The Bill does not apply to other dues deducting professional organizations. The Bill would require all this information be made public on a CRA website. Failure to comply with the Bill will result in a \$1,000/day fine for every day not in compliance.

The Bill is being supported by such anti-union groups as the Fraser Institute, the Merit Shop Contractors and the Canadian Federation of Independent Business because they want access to this information to utilize when combating organizing drives.

We would ask that local unions contact their local Member of Parliament and voice opposition to the Bill. MPs must be told that union members are already entitled to the unions' financial documents in Canada and most provincial jurisdictions. Only Saskatchewan, Alberta and Prince Edward Island do not require financial reporting to union members. As you know, in most cases, financial statements are reviewed by the members at every local meeting as part of the regular business.

Furthermore, the cost of setting up this massive data bank and collecting this information in the Canada Revenue Agency will be very expensive to the taxpayers and cannot be justified, just to benefit a few anti-union groups who want to prevent workers from joining unions.

We are sending a copy of the CTF's talking points on Bill C-377, a summary of Bill C-377, and the Bill itself, to assist you with contacting your MP.

In solidarity,

Dear

As one of your customers, we are writing to bring your attention to a Private Member's Bill that has been introduced in Parliament, passed second reading and is now in committee, that would amend the *Income Tax Act*, [Bill C-377](#) that may affect your business operations.

If this legislation passes, the Canadian Teachers' Federation (CTF) would be required, under a new Section 149.01 (3) (b) of the *Income Tax Act*, to submit to the Canada Revenue Agency (CRA) for publication on a public website, a detailed statement of all disbursements over \$5,000. The statement would require the name and address of the payee, the purpose of the transaction, a detailed description of the transaction, and the specific amount paid. Additionally, another proposed amendment to the *Income Tax Act* would require that we provide a statement of disbursements to all contractors, including information on salaries and other forms of remuneration.

What this means is that we must provide to CRA a detailed description of any contractual arrangements we have with you and all financial transactions exceeding \$5,000 paid to you, all of which will be posted on a public government website. Therefore, significant information relating to our dealings with your company will be publicly available to your competitors if this Bill passes. It is our belief that this information should not be published on a government website and that this information should be retained on a confidential basis between the CTF and your company.

This Bill was referred to the Standing Committee on Finance (FINA) on March 14<sup>th</sup>, 2012 for consideration and potentially public hearings. On June 21<sup>st</sup>, the report of the Finance Committee was presented in the House and a request was made for an extension of 30 sitting days to consider the Bill.

If you find the Bill objectionable, in that your confidential business dealings with customers would be available to your competitors, you may wish to make your views known to the Finance Committee (see attached sheet for names and addresses), the Federal Finance Minister Jim Flaherty and Canada Revenue Agency Minister Gail Shea. You also may wish to consider appearing as a witness when hearings are called.

If you are interested in learning more about the implications of this Bill, we would be pleased to provide you with a briefing.

#### **Membership of FINA**

James Rajotte, Conservative (Edmonton-Leduc), Chair  
Scott Brison, Liberal (Kings-Hants), Vice-Chair  
Peggy Nash NDP (Parkdale - High Park), Vice-Chair  
Mark Adler, Conservative (York Centre)  
Guy Caron, NDP (Rimouski-Neigette—Témiscouata—Les Basques)  
Shelly Glover, Conservative (Saint Boniface)  
Randy Hoback, Conservative (Prince Albert)  
Brian Jean, Conservative (Fort McMurray – Athabasca)  
Hoang Mai, NDP (Brossard – La Prairie)  
Wayne Marston, NDP (Hamilton East – Stoney Creek)  
Cathy McLeod, Conservative (Kamloops – Thompson – Cariboo)  
Dave Van Kesteren, Conservative (Chatham-Kent – Essex)

# Editorial: Ferocity of a kindergarten teacher

September 11, 2012

Jonathan Teghtmeyer



Liz Wingert fits the stereotypical image of a kindergarten teacher. She is young, enthusiastic, polite and petite. She sports stylish eye glasses and blonde hair pulled back into a ponytail. She is intelligent and caring.

It is her ferocity that might seem opposite to the image of a kindergarten teacher. It is her conviction that makes some people want to paint her image as that of a union thug.

Wingert is the secretary of Madison Teachers Inc. (the union represents teachers in Madison schools), and for one month last winter, she, along with her teacher colleagues and other public employees, stood in solidarity at the Wisconsin state legislature to protest Governor Scott Walker's so-called budget repair bill.

In August, Wingert spoke to ATA Summer Conference delegates about Walker's attack on teachers and public workers. The Wisconsin government introduced a bill portrayed as cutting costs to balance the state budget, but the bill was actually an attack on workers' rights. The legislation would rip up existing collective agreements, eliminate fairly bargained employment conditions and impose new legislated terms. The right to bargain collectively would be outlawed for some workers, and the ability to act collectively would be hampered for the rest. In some cases, unions would have to take annual certification votes.

Walker's legislation was an ideologically driven, authoritarian attack on workers' rights done in the name of repairing the economy. For Walker, public workers are a political foe best defeated by impairing their ability to organize and act collectively. And while we'd like to believe that such a heinous attack on worker rights is reserved for Tea Party types south of the border, the forces are at work here, too. One law currently proposed in Ottawa is a similar ideologically driven and authoritarian attack on workers' rights done in the name of "transparency." But, again, the actual motive is to impair workers acting collectively.

British Columbia Conservative MP Russ Hiebert has put forward private member's Bill C-377, which would require labour organizations to provide detailed financial statements for public distribution. While most private members' bills are doomed to fail, this particular bill has the support of the Conservative majority caucus and could pass easily this fall.

By placing the bill's reporting requirements in the *Income Tax Act*, the bill attempts to skirt the constitutional issue of provincial domain over labour relations. Hiebert's website ([www.c377.ca](http://www.c377.ca)) suggests that the public tax benefit received by unions compels public disclosure. The logic is spurious. Unions are obligated to report to their funders—members—not to the general public. If this bill is solely about tax

deductions, then the reporting requirements should be no more onerous than they are for government, charities or private corporations (who take advantage of deductions on a wide array of business expenses).

In terms of financial transparency, the Alberta Teachers' Association's line-by-line budget is provided to, and approved by, locally appointed teacher delegates at our annual assembly. Our audited financial statements are posted to our website for our members and tabled in the Alberta legislature. Despite these current obligations, the additional reporting demanded by Bill C-377 alone would likely require the hiring of two additional full-time accounting staff at Barnett House.

Bill C-377 is intended to divert time, money and energy from labour's effective representation of its members. At the same time, the bill will produce a website outlining line-by-line union activities, costs and vendors. Such information will play nicely into the hands of anti-labour groups such as Alberta's Merit Contractors and B.C.'s Fraser Institute, who will distort the data to discredit unions. Employers will have a heyday with access to confidential and strategic information about union expenses.

The bill is a politically motivated attack on the association rights of workers. It attacks workers' organizational abilities through costly distractions, preoccupations and mischief making. It may not stoop to the same level as Wisconsin's budget repair bill, but teachers (including kindergarten teachers) would be wise to pay attention.

*I welcome your comments—contact me at [jonathan.teghtmeyer@ata.ab.ca](mailto:jonathan.teghtmeyer@ata.ab.ca).*