CUPE

Submission by the Canadian Union of Public Employees to the House of Commons Standing Committee on Finance Regarding Bill C-377

An Act to Amend the *Income Tax Act* (Labour Organizations)

November 2012

Introduction and Summary

The Canadian Union of Public Employees (CUPE) is the largest union in Canada. We represent 620,000 members in over 2,000 local unions working in diverse sectors for both public and private employers in communities all across Canada.

Each CUPE local is unique. Some have just one member, while others as many as 18,000. However, members of all locals have a democratic say in how CUPE operates. Every local is accountable to its members, and CUPE National is accountable through delegates and locals to our members. CUPE members democratically debate, vote and decide on budgets, dues and major financial and policy directions at meetings and conventions, including the National Convention which, under the Constitution, is the supreme authority of the union and CUPE's "parliament."

Selected excerpts of the CUPE Constitution, which demonstrate this accountability within CUPE at every level, are attached to this submission as "Schedule A".

CUPE is transparent to all its members. The CUPE Constitution requires that members receive a financial report at every general meeting. Provincial Division Conventions receive, debate and approve financial reports. We report on our financial activity to our democratically elected National Executive Board quarterly. At each National Convention, the National Secretary-Treasurer reports to the elected delegates who, as noted above, vigorously debate the financial direction of the national union, and give direction and authority to CUPE's leadership on all aspects of the union's operation.

As required by the Constitution, we already disclose the salaries of our staff and our elected officials to our members on an annual basis, in writing.

CUPE is not unique among its union peers. Canadian unions are among the most democratic institutions in our society. All of our policies and major decisions are subjected to vigorous but respectful debate at every level of the organization. CUPE's revenue levels are set by members and can only be altered by a two-thirds vote, as required by the National Constitution. At the local union level, votes are required to set or change any dues or assessments according to the Constitution and By-laws.

Revenue is spent following direction of the membership. Just as not all Canadians agree with the decisions made by Parliament, some members—and some individuals outside the union—may not agree with all the policies and decisions made. However, they are decided by a majority of our members, the process for which is determined by the CUPE Constitution, which in turn has been determined by the membership at national conventions over the history of CUPE. This is the nature of democracy.

Labour unions are regulated under labour laws. The majority of these mandate some financial disclosure to those who pay our dues, and to whom we are accountable: our members. Like CUPE, most unions go beyond what is required by law.

The CUPE Constitution requires regular financial reporting and review by independent trustees, whether required by statute or not. Also, CUPE's audited annual financial statements are publicly available on our website.

CUPE is already transparent and accountable to our members, and supports increasing transparency and accountability for government, public institutions and other organizations within our society as well.

C-377 is not about transparency or accountability.

Any tax deduction or benefit for union dues lies in the hands of the individual tax payer, not their union. Labour unions do not receive any preferential tax treatment. Union members do not get any tax treatment not available to members of other non-profits (including chambers of commerce, and special interest groups including lobby groups and employers' associations).

However, unions are already held to a higher standard of accountability and transparency by their members and by virtue of certain labour statutes. By contrast, none of the business associations aggressively pushing for "union transparency" through Bill C-377 are governed by comparable statutes, nor do they appear to voluntarily make their financial statements publicly available. Meanwhile, they receive exactly the same tax treatment as labour unions under section 149.1 of the *Income Tax Act*. Their members can benefit from deducting membership fees or dues as taxpayers, and this is also at what the supporters of this bill characterize as a "cost" to the Canadian public. However, there is no corresponding demand for "transparency" from such organizations as the price to be paid for this cost. Some of these business groups have stated the differing treatment is justifiable because their membership is not mandatory. However, many professional associations carry mandatory membership. Further, all jurisdictions in Canada have statutory provisions which enable both certification and decertification options for workers. Both are regularly used throughout Canada.

Bill C-377 is a solution in search of a problem. It does not address any actual problem. Instead, it would create numerous real problems for labour organizations and it reaches beyond unions and impacts as follows:

- Contravening federal and provincial general privacy and specific medical privacy laws which protect individuals' most intimate personal and confidential information.
- Infringing sections 7 and 8 of the Canadian *Charter of Rights and Freedoms* which guarantee security of person and provide protection from unreasonable search and seizure respectively.
- Substantially interfering with the freedom of expression and freedom of association rights protected under section 2 of the Canadian *Charter of Rights and Freedoms*.
- Intruding on the division of powers and the Constitutional jurisdiction of provinces to regulate labour relations.
- Violating the "fundamental civil and legal right" of solicitor-client privilege.

- Imposing highly inequitable reporting and disclosure rules for labour organizations, greatly exceeding what is required of any other organization or individual in Canada.
- Creating a dangerous precedent for federal government intrusion into and disclosure of the affairs of independent organizations and individuals and organizations allied and associated with them through the backdoor route of the *Income Tax Act*.
- Imposing costly and unnecessary regulation and paperwork on labour organizations to file, and on the federal government to receive, process and post the filings publically —contrary to the federal government's policy of reducing red tape—and diverting resources away from the legitimate activities of labour unions and the Canada Revenue Agency.
- Creating an unfair advantage and uneven playing field in the labour market.
- Creating an uneven playing field for commercial service providers who contract with labour organizations, requiring them to compete in a market place where the details of their service agreements and compensation for services to labour organizations are publically disclosed by the Minister to the benefit of those competitors, and potential customers who would not otherwise have access to this competitive information.
- Creating an undue financial burden for benefit, pension and trust funds and other like funds which appear to fall under the bill's definition of "labour trust" which operates for the benefit of a labour organization, its members etc. [(149.01(1)] and requiring these plans to violate the privacy of members who are the beneficiaries of the plan.

Bill C-377 is arguably the most intrusive, egregious, inequitable, onerous and unnecessary piece of legislation we have seen in decades. The problems with the bill are too numerous to be fixed through amendments; it must be withdrawn, or defeated in its entirety.

The Facts: What Bill C-377 would require

This legislation would require any and all labour organizations—including union locals, parent unions, labour societies, federations, congresses, councils, conferences, committees, joint boards and labour trusts such as pension funds—to file intricately detailed public information returns every year with the Minister of Revenue within six months of the end of each fiscal period.

These information returns must include not just a detailed set of financial statements of assets and liabilities and of incomes and expenditures covering all revenue and spending, but also 21 other detailed financial statements. These include, for example:

- a statement outlining all contributions, gifts and grants;
- a statement of disbursements on all organizing activities;
- a statement of disbursements on all collective bargaining activities;
- a statement of disbursements on all political activities;
- a statement of disbursements to all officers, directors, trustees and to all staff detailing their salaries, benefits, any other form of remuneration;

- a record of time spent by all officers, directors, trustees and staff on political and lobbying 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;
- a statements of the sale and purchase of all investments and fixed assets, including a description, cost, book value and price;
- additional statements for all individual disbursements of $5,000 and over with the name and address of the payer and payee, the purpose and description of the transaction and the specific amount paid and received;

As well as a dozen other financial statements.

Passage of the bill would require that the Minister make the information—including highly detailed personal, financial, commercial and medical details—contained in these returns public on the Canada Revenue Agency internet site, in a format that allows for word searches and cross-referencing of data, and therefore available to anyone anywhere on the globe.

Any labour organization that fails to submit this information by the deadline will be subject to a fine of $1,000 per day.

All of this is supposedly to increase transparency and accountability of labour unions, even when labour legislation already regulates and requires this.

Intrudes with Legal, Privacy and Constitutional Rights

Extraordinary Intrusion of Individual Privacy

The bill contains requirements that labour organizations report and disclose all financial disbursements [149.01 (3) (vii) and (viii)] to individual employees and contractors—including wages, benefits, pensions, medical and health expenses, any other expenses and any specific disbursements over $5,000—together with their names and addresses and their time spent on political and lobbying activities. This would involve an unprecedented invasion of privacy for individuals, and an intrusion on the constitutional rights of Canadians protected under sections 7 and 8 of the *Charter of Rights and Freedoms*. Specific legislation – such as the *Federal Lobbying Act* and provincial legislation such as *Ontario's Lobbyist Registration Act* and even municipal regulation such as the City of Toronto's Lobbyist Registry – address the issue of transparency in lobbying. Specific privacy legislation also operates which this bill offends, for example the federal *Privacy Act* and provincial privacy legislation, including specific medical privacy statutes.

Additionally, this bill would require any payments or benefits paid in relation to health or medical benefits be disclosed. This intimate personal information is presumptively protected by privacy legislation. Express and voluntary releases are required when information is needed for legitimate purposes such as administering benefits, yet this bill appears to require that the details of someone's drug regime, and other treatment costs paid through an employer benefit plan or by a trust posted on the internet along with the employee's name.

It goes without saying, but should still be stressed, that revealing the drug or service purchased for treatment in many cases reveals the nature of the illness or injury for which the treatment is required. Similarly, any psychological treatment provided under an employer funded program would be reportable, creating a chill and potentially leaving people with no confidential way to receive services.

The reach of the bill does not stop there. Presumably, if the medical expense was paid in relation to an employee as a benefit which involved the treatment of the spouse or other dependent of an officer, director or employee, the details and cost of the benefit the employee received for this spouse or dependent individual – who has no direct relationship with the labour organization – must also be disclosed, violating their privacy.

No amendment can salvage such an egregious provision. Even if individual identifiers are removed, the amount of detailed information otherwise required would still, in many cases, make it possible to identify the employee (or family member).

Just one example illustrates this point. If a local union has one full-time (paid) officer, and two employees, all the details of any remuneration each individual received would be posted on the internet. Since employee #1 would be in a clerical position and employee #2 would be the business agent, any one searching the information this bill would require could easily ascertain which employee was which by looking at the salary levels. They are still identifiable without the names and home addresses. Similarly, since there is only one full-time elected official, the "officer" listed is easily identifiable. Official #1 is the only official and clearly identifiable, even if their name is not listed.

Then, consider if one of these individuals' dependents received treatment for addiction, which was supported by a benefit paid for by the employer labour organization. This otherwise very sensitive information would be disclosed very publically. There is no public interest served by such disclosure, and there is possibly no remedy for the incredible violation of the privacy of the employee and their family.

Meanwhile, the *Income Tax Act* currently requires an employer to issue a T-4 and in many cases a T-2202, verifying the income and the value of benefits received by any employee, including those in the employ of a labour organization as defined by this bill. That information is far less detailed than what this bill would require, but is considered appropriate for the legitimate purposes of processing the individual tax payer's assessment. Critically, the information contained in an individual tax payer's filing is held in the strictest confidence by the Canada Revenue Agency. Under this bill, the Minister would post on the internet all that information, and much, much more. Yet, the detailed information is well beyond what is required for any legitimate purpose of assessing the individual's tax filing.

Meanwhile, union members can readily find out what union officials are paid: this information is disclosed annually under the Constitution, and also reported in annual financial statements. The Constitution also requires that staff wage rates are disclosed annually in writing.

As well, the staff benefits package and compensation rates for staff for CUPE and other unions are paid according to negotiated scales, contained in staff collective agreements which are not confidential. Global numbers on salary and benefits are also provided.

Intrudes on provincial powers and individual rights protected under the Constitution

Bill C-377 purports to address accountability and transparency of labour unions, but it attempts to do this through the backdoor route of the federal *Income Tax Act*.

When labour unions are regulated provincially, consistent with the division of powers in the *Constitution Act of 1867* (Sections 91 and 92), this puts them beyond the reach of the federal government. The Prime Minister has made strong commitments about respecting Canada's constitutional division of powers, but this bill would infringe on provincial powers and could be considered *ultra vires*.

The argument that this bill is justified because labour organizations and union members enjoy special tax preferences is without merit.

Labour organizations, together with all other non-profit organizations, chambers of commerce, boards of trade, agricultural organizations, athletic associations, municipal governments, crown corporations, and many other organizations are exempt from paying corporate income taxes under 149.1 of the *Income Tax Act* because they are non-profit organizations: they don't make a profit or have net income on which they would pay tax. The highly detailed reporting and public disclosure demands this legislation would force all labour organizations to comply with are vastly more onerous and costly than those required for any other tax exempt organization under section 149.1 of the *Income Tax Act*. Non-profit organizations of any size are only required to file a confidential two page return.

It is also false to argue that this intrusion is warranted because labour organizations don't pay tax or benefit from tax treatment not available to other organizations. Unions pay considerable payroll taxes, property taxes, and sales and excise taxes, such as the GST, HST and provincial sales taxes. CUPE National currently pays over $800,000 annually year in property taxes, over $800,000 in Employment Insurance premiums and over $7 million in GST, HST and provincial sales taxes. Labour unions, as non-profit organizations, very likely pay more in overall taxes than they would if they functioned as corporations.

Unlike corporations, labour unions and other non-profit organizations cannot access the significant federal and/or provincial input tax credits for value added taxes paid back to businesses, or from similar refunds provided to municipalities and public institutions. For CUPE National alone, these input tax credits would add up to almost $7 million a year.

If the non-profit income tax exemption for labour organizations under section 149.1 of the *Income Tax Act* is accepted as justification for disclosing highly detailed financial information, it will set a dangerous precedent for forcing all other non-profits and other organizations included under section 149.1 to also report and publicly disclose these financial details.

Any comparison with public disclosure requirements for charities is also inappropriate. Public disclosure of summary financial information by federally-registered charities was supported by many charitable organizations to promote charitable giving by potential donors. In contrast, unions are member-based organizations accountable to their members and regulated under labour legislation. Unions have a statutory duty to represent their members. In addition, the Registered Charity Information Return is far less detailed and onerous than what would be required for labour organizations under Bill C-377.

Proponents of this bill have also argued that this intrusion of the federal government into the affairs of labour organizations is justified, because union dues are deductible from federal income tax. However, this bill does not refer to the deductibility of union dues, which in fact involves a different section of the *Income Tax Act* [Section 8. (1) (i) (iv)] and involves a different definition of trade unions, referring instead to provincial and federal labour legislation.

Union dues and professional association fees—for doctors, lawyers, engineers and many other professions—are deductible from income as an employment expense for the same reason other expenses (client entertainment, golf course fees) and investments are deductible from personal and corporate income tax: they are an investment in generating higher incomes and benefits in the future that are ultimately taxed. Just as individuals and businesses can deduct investments they make to generate higher income in the future, union dues are also deductible – otherwise this income would be taxed twice.

There is no justification for singling out labour organizations to the exclusion of all other non-profit organizations, public institutions, private corporations and individuals that also benefit directly or indirectly from any comparable tax provisions.

Regardless of the purported rationale for this "Income Tax" bill, it is not in pith and substance an income tax bill. A major intent of this legislation is to force labour organizations (including those operating in the provincial jurisdiction) to publicly disclose details about organizational and individual political, lobbying, organizing and collective bargaining activities. This sets the precedent for the federal government intrude into the private and political affairs of targeted individuals associated with labour organizations.

The bill would require that labour organizations submit detailed statements of the political and lobbying activities of each organization and individual employed. This would violate privacy legislation as well as sections 7 and 8 of the *Charter of Rights and Freedoms*, which protect security of the person and prohibit unreasonable search and seizure rights. It also infringes on the fundamental rights provided under Section 2 of the *Charter or Rights and Freedoms* protecting freedom of expression and association, and be *ultra vires* regarding provincially regulated unions.

It is also based on a fundamental misunderstanding of the role of unions and an inappropriate distinction between political and collective bargaining activities. The Supreme Court of Canada has recognized that "...union involvement outside the realm of strict contract negotiations and administration does advance the interests of the union at the bargaining table and in arbitration", and "...there is no artificial boundary between the economic [collective bargaining] and political".

Not only are these activities not distinct nor divisible, according to the Supreme Court of Canada, but it is virtually impossible to distinguish these activities operationally at an individual or organizational level, and to report on them as this legislation would require.

The bill requires the labour organization as employer to break down and report what portion of time each employee spends on certain prescribed categories or heads of activity (which we submit are artificial distinctions).

Each member of a union's clerical staff would have to document what portion of their time was spent on typing documents in one category or another, if it were even possible to make these artificial distinctions. This is more detailed time "docketing" than what is done by many lawyers or other professions which practice time-based billing.

Another example which illustrates the impossibility of accounting for employees' time and activities by category is union cleaning staff. These individuals are required to clean common areas in a building which all manner of people use during the work day for a myriad of purposes. They also have to clean offices, used by staff for a wide range of their work activity.

This employee would also have to clean meeting rooms in the offices of labour organization. Consider that a meeting room could have been used for a bargaining session, then a meeting to plan a submission such as this one, then used by a group planning the protocol for the election of officers, and then finally to prepare a general mailing containing information on any number of issues generated by the union.

How is the work time of this employee cleaning this room to be allocated under the requirements of this bill?

If the intent of this Bill is to regulate political and lobbying activity by individuals or organizations, this should be done directly through the *Canada Elections Act* or the *Lobbying Act* but only in areas which fall within the federal jurisdiction.

Violates Solicitor-Client Privilege

By forcing labour organizations to file <u>any</u> public information returns regarding disbursements for legal activities (149.01 (3) (b) (xix), and further to file specific details on any disbursements over $5,000, this bill would violate solicitor-client privilege, which is a cornerstone of our judicial system. It has been recognized as a "fundamental civil and legal right". While solicitor-client privilege is not absolute, the Supreme Court has ruled that it "must be as close to absolute as possible" and should only yield in rare and clearly defined circumstances. These are circumstances that are normally determined after careful judicial consideration, and certainly aren't present in the scheme set out in Bill C-377.

There is no possible amendment to this bill which contemplates any disclosure in relation to legal services which would not violate solicitor client privilege.

Highly Inequitable, Hypocritical and Unreasonable

Bill C-377 would impose extraordinarily detailed financial and information reporting and public disclosure rules on all labour organization, far in excess of what is required of any other organization or individual in Canadian society e.g., all other non-profits, business organizations, corporations, charities and even government, public institutions and Members of Parliament.

While governments and publicly funded bodies are subject to accountability, financial reporting and limited disclosure requirements established within their respective governments and organizations, none are required to submit and publicly disclose the financial and activity details that would be imposed on independent labour organizations through this legislation.

For instance, the financial reporting and disclosure form for the offices of Members of Parliament —entirely funded by the public purse—is one page long with no details of compensation of individuals, contracts or time spent on different activities required. This is far less than the 24 different detailed schedules this bill would require of all independent labour organizations, which receive no direct public funding (except for rare project-specific grants). This bill would force all labour organizations to report and disclose detailed individual compensation for all their officers, executives and staff, down to the lowest-paid clerk, cleaner or groundskeeper. At the same time, the government refuses to disclose pay of any of its political staff, even the Prime Minister's Chief of Staff, whose pay is funded 100% by taxpayer dollars, and compared to our cleaners, significantly higher.

Bill C-377 would also notably impose far more detailed public disclosure on labour organizations than the federal government requires of its own private contractors or operators of public-private partnerships, who receive all their funding from the public purse. This government refuses to release financial details on these contracts, ostensibly because of "commercial confidentiality".

Meanwhile, this bill requires any company which provides services to a labour organization to have the details of its service contracts posted on the internet, where its direct competitors can retrieve it and use it for strategic and commercial advantage.

It would be astoundingly hypocritical for Members of Parliament and for this government to force independent non-profit labour organizations to disclose financial and information details far beyond what they are willing to disclose themselves.

The following table provides a summary of the tax provisions, reporting and disclosure requirements for different types of organizations.

Organization	Federal public benefits through tax code or direct funding	Federal and provincial reporting and disclosure requirements
Labour organizations	• No corporate income tax under s. 149.1 of ITA. • Dues deductible for members.	• C-377 would require all to submit and disclose highly detailed financial and activity reports with 24 different schedules. Fine $1,000/day. • Complete public disclosure. • Must already issue and disclose financial reports to members per provincial and federal legislation.
Professional associations	• No corporate income tax under s. 149.1 of ITA. • Dues deductible for members.	• If assets above $200,000 or taxable dividends above $10,000, two page form with summary information. • No public disclosure.
Non-profit organizations, incl. boards of trade, chambers of commerce, etc. etc.	• No corporate income tax under s. 149.1 of ITA. • Dues deductible for business members.	• If assets above $200,000, taxable dividends above $10,000, two page form with summary information. • No public disclosure.
Federally registered Charities	• No corporate income tax under s. 149.1 of ITA. • Income tax credit for donations.	• For federally registered charities, nine page form, with summary information. Some details only required for larger charities. • Limited federal disclosure. Considerable information kept confidential.
Corporations	• Numerous tax deductions and credits provided, including spending for political and lobbying, membership in business organizations, etc. • Tax expenditures amount to well over $26 billion annually, according to federal Tax Expenditure accounts; not even including many deductions, input tax credits and other business subsidies.	• Federal income tax forms kept confidential. • Provincial securities laws require disclosure by publicly traded companies for prospective investors.
Federal government	100% publicly funded	
Members of Parliament offices	100% publicly funded	One page form available on-line with no specific details.
Private government contractors	100% publicly funded.	Financial details protected under commercial confidentiality.

The most comparable organization to labour organizations are, of course, professional membership associations. Also related to generating income, or required for employment, these organizations are covered in exactly the same sections of the *Income Tax Act* as unions, both for exemption from paying income taxes and exemption of members' dues or fees from personal income tax. Professional associations are also primarily regulated by provincial legislation, just as most labour unions are. Membership in professional associations and/or licensing bodies is a condition for individuals to work in certain occupations: these payments related to employment create even more of a "closed shop" than unions can.

Nevertheless, Bill C-377 arbitrarily excludes professional organizations for no apparent reason.

Under this bill, a union local with four members and annual revenue that would not exceed four figures would under the requirements of this bill have to file two dozen publically disclosed schedules or face onerous fines. Meanwhile, professional associations with over $100 million in membership fees (and corresponding "cost" in lost tax revenue to the national coffers) would continue to be required to file only a very summary two page information return that is not disclosed publicly.

The second most comparable organization to labour unions are other non-profit organizations, including chambers of commerce and boards of trade. These include many of the anti-union organizations that are strongly promoting this legislation. These organizations are also exempt from paying corporate income tax under section 149.1 of the *Income Tax Act*. Their business members can deduct membership fees in these organizations from their personal income tax—and they can also deduct money they spend directly on political and lobbying activities, unlike in the United States - a common comparator. Despite this preferential treatment, none of these organizations is required to report anywhere near the same level of financial detail, nor report on political and lobbying activities under the *Income Tax Act* as this bill would require of labour organizations. Non-profit organizations, including trade associations, are only required to submit a two page form, none of
the contents of which must be publicly disclosed.

While businesses and individuals are of course required to file income tax returns with details of their income (and expenditures that are tax deductible or creditable), the purpose of this information is legitimately collected to ensure the integrity of the tax and revenue system. Public disclosure of any details of income and spending details by individual taxpayers, businesses or organizations <u>is strictly prohibited</u> under the *Income Tax Act,* unless authorization is provided by these individuals or organizations, or required by law (e.g. under a court rule or order related to a legal proceeding). Any legislation that changes this violates individuals' privacy as discussed above, but would also create a dangerous precedent of arbitrary federal government intrusion and disclosure of an organization's financial, spending and political activity details under the *Income Tax Act*.

C-377 Would Impose Extensive Financial and Economic Costs on Labour Organizations and other Canadians

Smothering Labour Organizations with paperwork and red tape

Bill C-377 would impose an extraordinary burden of unnecessary and inappropriate paperwork and financial reporting on labour organizations, forcing all union locals, parent unions, councils, conferences, federations, committees and trusts to file over twenty different types of financial statements, slicing and dicing amounts in all manner of different detailed financial schedules. If one accepts that artificial distinctions can be drawn between the areas of a labour organization's activity (which CUPE rejects but the bill prescribes) a minute by minute tracking of the activities of each officer, trustee, director, or employee (regardless of their classification) is required. Detailed accounting and reporting of income received and expenditures made are also required. The costs associated with such requirements are self-evident.

These reporting requirements for labour organizations go in the *exact opposite* direction the federal government is proceeding in with one of its major priorities, which is to cut red tape and reduce regulatory requirements for Canadian businesses and individuals. As the federal government states, "reducing red tape is good for everyone". The Prime Minister himself has said "Cutting red tape is the most effective way to show that we are making government work for people, not the other way around".

The degree of "red tape" this bill creates, and detailed reporting required will seriously interfere with and pull resources from the legitimate and important work unions and labour organizations are established to do for their members: bargaining fair wages, delivering decent pensions, ensuring health and safety standards, ensuring workers are fairly treated, contributing to local community and advocating for the interests of their members in myriad ways.

This bill will severely hamper labour relations in Canada and as a result this legislation will substantially interfere with the administration of unions and collective bargaining.

Significant Costs for Government

This bill will correspondingly and significantly increase costs for government at a time when it is reducing paperwork and cutting spending in many other areas. This aspect is covered in more detail in the submission by the Canadian Labour Congress. However, it defies logic that the massive volume of data this "red tape" bill would require labour organizations to generate and file would not require significant government resources to receive and process, as well as what would presumably be required to enforce the reporting scheme which is thickly wrapped in red tape.

Proponents claim that the costs of setting up a database and website will be minimal, but there's little doubt the capital and annual operating costs will run into many millions a year. For example, the annual costs of operating the now abandoned gun registry amounted to $66 million a year.

The government initially estimated net costs would be $2 million after firearm licensing revenues, but the final total cost was reportedly $2 billion. And, unlike the now abandoned gun registry, there is no revenue stream (license fee) in this bill's scheme.

Provides Completely Unfair Advantage to Anti-Union Contractors and Employers

The most prominent private sector proponents of this legislation, include employers and anti-union contractors' associations who have launched national print, television and digital campaigns to promote it. They will gain significant and unfair advantages from seeing the detailed books of unions. Not only could they harvest details of labour union organizing drives (including it appears information on who paid the union for a membership – information aggressively protected under labour legislation), all manner of information that would ordinarily not be available to an employer would be a mouse click away.

For example, an employer seeing that the union has enough money in its strike fund to support a four week work stoppage knows it just needs to lock out its employees for five weeks to "starve" the union into submission. In sectors, such as construction where some unions operate equalization funds, non-union contractors will also be able to use information from these reports and in some cases undercut union shops on contract bids.

These private businesses would never be forced to disclose this level of financial detail to their competitors or, where they exist, the unions representing these anti-union enterprises' own employees.

This is a far from subtle hand up from this government to its favoured friends.

Meanwhile, these anti-union contractors' associations benefit from very similar tax treatment as labour unions, but without any accountability or transparency. As non-profit organizations, they are also exempt from paying corporate income tax in exactly the same way labour organizations are, and the fees their members pay are 100% tax deductible. Yet these organizations such as Merit, the Canadian Federation of Independent Business, the Canadian Taxpayers Federation, the Fraser Institute, the Montreal Economic Institute and others *are not required to provide any public financial reports* at all, and none appear to be available.

In striking contrast, CUPE and other unions already provide financial statements to members under our constitutions, in some jurisdictions by statute, and also make them publicly available.

Generally, private sector employers are also not required to make their financial statements available, unless they are publicly traded corporations and required to do so under securities legislation. The information that must be reported and disclosed is far less detailed than what Bill C-377 would force all labour organizations to report and publically disclose.

It is extraordinarily hypocritical for these organizations and businesses—which are provided with similar and often greater tax advantages than unions—to demand labour organizations make highly detailed financial reports publicly available, while they don't make similar information publicly available. It would also be extraordinarily unfair for this federal government to heed to their demands.

Conclusion

For these reasons, this bill must be withdrawn. There are no amendments that can save it.

There is no problem that this bill is designed to solve, and the real motivation for the bill is not thinly veiled. It is a transparent attack on unions, and their allies who advocate for Canadian workers. Labour is a strong voice of dissent in these times in our democratic society, and this bill, which purports to be a private member's bill, is designed to stifle that voice.

For the reasons noted above, we recommend that Bill C-377 be withdrawn or voted down. CUPE will not be silenced by this legislation and neither will the broader labour movement in Canada.

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