

BRIEFING NOTE – BILL C-377

Bill C-377 is a Private Member's Bill called "An act to amend the *Income Tax Act* (requirements for labour organizations)". The bill was originally introduced by Conservative backbench MP Russ Hiebert and it is now back at the Senate. Hearings of the Senate Legal and Constitutional Affairs Committee are scheduled for April 22 and 23 2015.

Advocates of Bill C-377 say it is only about increasing union financial disclosure. In reality, the bill is a highly partisan and political attack on the right of freedom of association and free speech in Canada.

If adopted, the bill would require the *Income Tax Act* to be changed to make it mandatory for all labour organizations to make available to the public detailed annual financial filings covering salaries, revenues, and expenses.

This bill follows American legislation that was first introduced in the 1980s. This kind of reporting enables governments or some disgruntled members to push for or regulate the splitting of union dues into "agency fees" for bargaining unit members and "union dues." A bill like this sets unions up for an attack on Lavigne (1991) and then on Rand. (Lavigne and Rand are two key Supreme Court of Canada decisions that protect labour rights).

But C-377 is so egregious and so badly drafted that it has had a rocky ride through Parliament. The first version (C-317) of the bill failed; this version had to be amended in the House of Commons before it could be passed. And C-377 was then again amended in the Senate by Conservative Senators led by Hugh Segal.

BACKGROUND

This version of C-377 requires all labour organizations, including those regulated under provincially) to file detailed statements annually, including salaries, disbursements, and political and advocacy activities.

Sets a \$1,000 a-day fine to a maximum of \$25,000 per organization *upon summary conviction* for non-compliance.

Detailed personal financial information would be publicly available on the Canada Revenue Agency website.

- Labour organizations are still defined broadly – includes national and local unions, but also labour councils, federations of labour, and other umbrella organizations, as well as labour trusts and funds.
- Full extent of the disclosure will be established by regulations.
- Detailed financial statements disclosing aggregates (total payments), and in some cases, all transactions and disbursements.
- Individual transactions above \$5,000 to be separately detailed, identifying the payer, payee, and the purpose and description of the transaction.
- Disbursements to all officers, directors, trustees, employees, and contractors, including salary, stipends, benefits (including pension obligations, vehicles, bonuses, gifts, lump sum payments, and

other forms of remuneration), with the additional disclosure of percentage of time dedicated to political and lobbying activities.

- Statements of disbursements will be required on:
 - labour relations activities
 - political activities
 - lobbying activities
 - administration
 - general overhead
 - collective bargaining activities
 - conference and convention activities
 - education and training activities
 - legal activities (excluding information protected by solicitor-client privilege)
 - organizing activities
- Public companies are required to publicly disclose far less than what C-377 would require of us.
- Private companies – including giant transnational corporations like Syncrude, McCain Foods, and Quebecor Media – are not required to publicly disclose any financial information.
- Registered charities report less.
- Registered political parties report less in general and far less between elections.
- Government ministers and their ministries report less.

TIMELINES

A brief timeline of this government’s attempt to enact union financial disclosure follows:

October 2011	Bill C-317 – a variation of C-377 is introduced but ruled out of order.
December 2011	Bill C-377 is introduced.
December 2012	Bill C-377 is passed by the House of Commons, with some amendments that remove the requirement to publicize addresses of all payers and payees, and the recognizing solicitor-client privilege.
May-June 2013	Bill C-377 is debated and amended in the Senate.
June 2013	The amended version of C-377 is returned to the House of Commons for “reconciliation” with the version passed by the House of Commons.
September 2013	The prorogation of the House of Commons in June 2013 means that the December 2012 version of C 377 is revived upon the Senate’s return after their

summer break – it is as though the Senate debate and amendments never happened!

- September 2014 C 377 begins to move through the Senate for the second time.
- April 2015 Senate announces Committee hearings into the Bill.

The Bill will come into force six months after it is signed into law. For example, if C 377 is signed into law in May 2015, it will come into force in November 2015. But since the reporting “applies in respect of fiscal periods that begin the day after that,” we anticipate that reporting will first be required for 2016. In practical terms, it means that we are likely to be required to file returns for 2016 by June 2017.

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