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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is the 83rd meeting of the Standing Committee on Finance. Our orders of the day, pursuant to the order of reference of Wednesday, March 14, 2012, are our study of Bill C-377, An Act to amend the Income Tax Act (requirements for labour organizations).

Colleagues, you have the agenda in front of you. We had agreed that at this meeting we would have the mover of the motion of the bill, Mr. Russ Hiebert, from 3:30 to 4:00 for an opening statement. We'll then have a round of questions from members. Then we will bring forward our six witnesses for the second part of the meeting.

Mr. Hiebert, we'll have your opening statement now, and then we'll have questions from members. Welcome to the committee. Please begin.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you.

Colleagues, thank you for the opportunity to speak before you on my private member's bill, Bill C-377, requiring public financial disclosure by labour organizations.

I was first motivated to introduce legislation in the area of transparency as I examined some of the actions our Conservative government has taken since taking office in 2006. Among the legislation we've introduced as a government, our bill requires greater transparency for public office holders, for crown corporations, and, most recently, for native reserves.

However, I was surprised to learn that despite the massive federal public benefits for labour organizations and their dues payers provided through the Income Tax Act, there was no requirement to be accountable to the public for the use of those benefits. As you know, labour organizations, which collect between \$3 billion and \$4 billion a year in dues, operate free from tax on such things as profits on investments, revenue from employers, and training centre profits. Their members receive full income tax deductibility for their dues payments, and they receive their strike pay tax-free. Dues deductibility alone costs the federal treasury in the range of about \$500 million a year.

As I stated in the second reading debate, labour organizations play a valuable role in Canadian society, and that is why we provide those benefits. However, I believe that because the public is providing such a substantial benefit, it should know how that benefit is being used. After all, charities, which also receive substantial benefits from

taxpayers, have been publicly reporting on their finances for the past 35 years, since 1977.

As I looked around at our largest trading partners—the United States, the United Kingdom, Australia, Germany, France—I found that public financial disclosure for labour organizations has long been a fact of life. Indeed, some of my colleagues may be surprised to learn that for Canadian labour organizations that were founded as branches of U.S. unions, my bill is not news at all. That's because under the U.S. legislation, which was written way back in 1959, any union headquartered in the United States must also report on its foreign subsidiaries, which means, for example, that if a Canadian wants to know details about the leader of the United Steelworkers in Canada, that person could easily search the U.S. labour department website and discover the salary and expenses of that individual, along with information about how he allocates his time. The U.S. report tells us that in 2011, for instance, that particular labour leader spent one-third of his time on representational activities, one-third on administration, and one-third on political activities.

Bill C-377 will ensure that the Canadian public, including union members and retired former union members, will have similar comprehensive information about the spending of Canadian unions regardless of where they are headquartered.

One of the predominant concerns or questions raised by union leaders has to do with the cost of complying with the legislation. Some have suggested the cost will be high. However, I can assure you that unions are going to find the cost of complying with this legislation very modest, and I can use some recent history to demonstrate that this is the case.

When the U.S. labour department started to enforce more detailed public filing requirements for U.S. labour organizations—requirements that are similar to mine—about a decade ago, they also required the unions to report the cost of compliance. Perhaps not surprisingly, U.S.-based unions initially made the same complaint—that it was going to cost them a lot to comply with the disclosure requirements—but once the filing started to come in, it turned out that the costs were in fact very minimal. That's really not surprising if you think about it. We live in an age of electronic bookkeeping, and much of the information my bill requires is information that any responsible organization is already tracking.

For many unions the only expense they might incur in complying with this bill is for a software upgrade. Some smaller locals have suggested that requiring many pages of filing is going to be burdensome for them. Again I say no. If a local has not engaged in spending in several of the categories listed in my bill, then what could be simpler than entering a zero on those pages of the filing? Remember, Canadian unions with U.S. headquarters are already collecting and publicly disclosing this information in the United States.

Further, I would remind the committee that the bill makes no requirement that the filing be audited. Therefore, a union does not need to incur an outside expense for an audit.

● (1535)

As for the cost to the Government of Canada, I believe there will be some work to do on CRA's part in making the filings available in an easily searchable database on its website. However, it's important to remember that the CRA has much experience with the publishing of filings already, as it has been doing so with charities for 35 years and, in recent years, using its website. This is really not new for the CRA at all.

I believe the cost to unions will not be significant and is a distraction from the more fundamental issue of transparency and accountability. Labour organizations need to be accountable for the substantial public benefits they and their members receive. My bill does not tell unions how to spend their money or restrict them in any way; it only requires transparency so that the public can see how that money was spent.

As you know, Bill C-377 received approval in principle from the House at second reading, despite almost hysterical opposition from some members of the NDP. It has become apparent why the NDP doesn't want transparency from labour organizations; they don't want Elections Canada and others to know when they've been taking illegal donations from unions to fund their party. Under my bill, full financial disclosure will make it an awful lot harder to hide hundreds of thousands of dollars in illegal union contributions to the NDP.

Regardless, the second reading vote does not mean that the bill as it's currently written cannot be improved. Over the last several months, I have listened carefully to the concerns raised by MPs from all parties, as well as interested groups and individuals, and it's clear to me that some modest amendments are necessary to improve the bill.

I believe it's possible to achieve these improvements without compromising the intent and purpose of my bill, which is to ensure that the public has a comprehensive picture of how labour organizations are spending their money. As such, I would encourage the committee to consider a number of amendments to the bill.

One amendment would be to ensure privacy for the identity of individuals receiving health care, pension, or other types of benefits under a registered benefit plan. A second would be to reiterate and reinforce the confidentiality of solicitor-client privilege. A third would be to avoid publishing home addresses of individuals, even when their names are required to be published. In the case of police officers, I believe these amendments will also meet their special

needs to have their personal information protected from criminal elements.

Another amendment would change the requirement for—quote —“a record” of the amount of time that directors, employees, and others spend on lobbying and other political activities. It would be changed to “an estimate” of the time provided. To clarify, the term “record” may be interpreted as requiring keeping an hourly log, and I'm not interested in creating red tape for hard-working labour leaders. Instead, a reasonable estimate of the time spent on such activities would provide useful information.

Another concern that was brought to me is that the bill's definition may have had the unintended consequence of capturing certain benefit-paying institutions, such as pension or health care funds. I would encourage the committee to consider an amendment to the definition of “labour trust” that would clarify that pension, health care, and related benefit firms are not captured by the reporting requirements of my bill.

To reiterate, colleagues, it's not the purpose of my bill to impinge on the privacy of individual Canadians. The purpose of my bill is to disclose union spending. I appreciate your attention to improving this bill through amendments.

Finally, I want to respond to the suggestion from some that this bill is somehow anti-union. On the contrary, this bill is the most pro-union legislation to be tabled and moved forward in Parliament in many years. Union members and retired union members, like the general public, want to know how union money is being spent. Eighty-three per cent of Canadians say they want to see financial transparency, according to a recent Nanos survey. Many unions are already publicly disclosing, but because of a U.S. law, not a Canadian one.

While a handful of union leaders may be uncomfortable with the idea of public disclosure right now, in time the public will see that the large majority of Canadian unions are using their resources wisely and efficiently. As this fact becomes apparent, a positive image of labour organizations as fiscally responsible will be promoted, just as it happened when charities became more accountable 35 years ago.

● (1540)

This legislation will give unions a solid public image and give union members, retirees, and all Canadians the information and confidence in unions they want to have. That's why I say that Bill C-377 is pro-union.

Therefore, despite the opposition of a handful of union leaders and some of their friends in the opposition parties, I would encourage you, going forward, to see this bill as something that Canadians, including unionized workers and their families, support.

Thank you for your attention.

I'm pleased to answer your questions.

The Chair: Thank you for your presentation, Mr. Hiebert.

We will begin members' questions with Mr. Boulerice, for five minutes.

[*Translation*]

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Thank you, Mr. Chair.

Thank you for coming to give us a short presentation, Mr. Hiebert. As I listen to you, my impression is of a sick patient whom someone has desperately tried to treat with band-aids. Unfortunately, that generally does not cure people, however many band-aids you apply.

My impression is that your bill is badly written and that there are some fundamental holes in it. If we were in school, I would return the copy to the student and tell him not to hand in a rough draft. There are a number of aspects that you have not thought of. The bill has great potential for collateral damage and for a number of failures. It also intrudes into people's lives a great deal.

I wonder if you are aware of the disastrous effects your bill could have on our economy.

[*English*]

Mr. Hiebert, did you think about the disastrous impact that this bill could have on pension plans and, as a result, on our financial markets?

In general, this seems to be a sloppily written bill with an area of unintended consequences.

Let's talk about how the \$5,000 reporting mechanism will have an impact on labour trusts, investment firms, and the financial markets. Since the bill requires the public disclosure of previously private contracts, labour trusts will be effectively unable to engage in private equity investments. As a result, how large a shift of labour trust capital out of private equity agreements and venture capital do you expect the bill to result in?

Mr. Russ Hiebert: Perhaps I wasn't completely clear in my opening statement when I mentioned that I would suggest that the committee consider an amendment to address the issue of pensions and trusts to preserve an element of privacy. It was never the intention of this bill to disclose those kinds of payments to health beneficiaries, whether they be for health or dental benefits or other related matters. I think an amendment would address the concern you're expressing.

• (1545)

[*Translation*]

Mr. Alexandre Boulerice: Mr. Hiebert, you have come here with a list of amendments we have not yet seen. Your bill casts a very wide net. All transactions and disbursements over \$5,000 from a

pension fund or retirement plan that is linked in whole or in part to union workers must now be disclosed to taxpayers.

I feel that you are creating a bureaucratic monster, a mountain of paperwork. Given that the Conservative Party wants to reduce the size of government, to reduce paperwork and administration, I find it a little strange that a member of that party is introducing a bill that instead is going to create a bureaucratic and administrative nightmare.

[*English*]

Mr. Russ Hiebert: Perhaps the translation wasn't accurate.

What I heard through translation was the statement you made that all transactions of a pension fund over \$5,000 will need to be disclosed. That's exactly what I'm addressing when I suggest that for some time now I've been publicly stating that an amendment needs to come forward. I'm working on a draft of an amendment that will be presented to the committee that would address the concern that pension funds in particular have. I've been consulting with them, they've been communicating with my office, and I think we've come to something pretty close to satisfying their opposition or their concerns in this respect.

[*Translation*]

Mr. Alexandre Boulerice: Are you going to continue on the road that you have taken, that is to disclose all the contracts that unions, or their companies or trusts, could establish with outside companies that provide them with services? If so, that completely breaks some rules of confidentiality on commercial transactions and contracts with third parties.

Are you going to continue along that road, which would set a precedent in our economic system?

[*English*]

Mr. Russ Hiebert: With respect to trusts, as is the case with pensions, that's what the amendment is there to address.

With respect to the transactions of labour organizations over \$5,000, that's what the law in the United States currently requires and that's what some Canadian unions or labour organizations affiliated with U.S. labour organizations currently have to disclose, so I'm suggesting that we level the playing field so that not just some labour organizations in Canada are going to be required to disclose those transactions that you're referring to.

Right now they disclose them on a U.S. Department of Labor website; I'm suggesting that they not have a greater burden than other Canadian labour organizations and that we level the playing field so that all labour organizations in Canada are treated equally.

The Chair: You have time for a very brief question.

[*Translation*]

Mr. Alexandre Boulerice: I find it a little strange that you did not think of those problems beforehand. I repeat, this is shoddy homework and it has to be completely redone. I have no clear picture of the problem this bill is going to solve. Quite the opposite, it is going to cause expense and more paperwork for a lot of people.

[English]

The Chair: Mr. Hiebert, do you want to respond briefly? No? Okay.

Thank you. *Merci*. We'll go to Mr. Van Kesteren, please, for your round.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Chair. Thank you, Mr. Hiebert, for coming.

I must tell you I've probably had more correspondence on this bill than on most others in the last number of years. I'm glad to have you here so we can get some of these concerns out of the way.

Some critics of the bill have suggested that Bill C-377 might violate a number of constitutional rights. I've heard things like freedom of speech and freedom of association are threatened by the bill.

Do you agree, and why or why not? Also, in what ways might Bill C-377 enhance the rights of union members and the public?

Mr. Russ Hiebert: In terms of the constitutional element, I've heard those accusations as well. Let's not forget that this legislation would amend the Income Tax Act, which is a federal piece of legislation.

It's not unlike the requirements that charities have had for 35 years now, and no one has suggested that it was unconstitutional to require charities to disclose information as to how their money is being spent.

I disagree. I don't think there's any basis to that particular claim. That's the most obvious example that I think we can point to. If it were unconstitutional, then charities wouldn't be disclosing as they currently are.

Mr. Dave Van Kesteren: One of the things that I always like to question when new bills arise is whether we have a precedent. Can we look somewhere else and see if, rather than being trailblazers, we're often much better off to be imitators? I wonder if other areas of the world, other jurisdictions, have this type of legislation and how successful they have been. Can you give us some examples?

• (1550)

Mr. Russ Hiebert: As I mentioned in my opening remarks, the United States has had similar legislation since 1959. I would note for the committee's benefit that in 1959 the Democrats controlled both Houses of Congress, both the House and the Senate. The party that is most closely aligned with organized labour in the United States was the one that brought in this legislation.

In addition to the United States, the U.K. has it, and Australia has a version, which their labour party is in the process of strengthening. It's there, but they are going to do more to strengthen it. I'm also told that it is present in Germany and France.

We talked about charities having to disclose for 35 years, since 1977, and it's had no appreciably negative impact on charities. If anything, I think you could persuasively argue that it's increased the confidence that Canadians have when they donate to charities, knowing that the money they're contributing is going for the purposes for which it was intended.

That's the precedent I look to. I've already noted that right now Canadian labour organizations affiliated with the U.S. union have to disclose. You can go to the U.S. Department of Labor website right now and look up the United Steelworkers in Canada and see their transactions over \$5,000. Basically all the items that my bill outlines are what's currently being disclosed by Canadian labour organizations affiliated with the U.S. organization.

My rationale is, why have different playing fields? Why have some Canadian labour organizations required to provide a certain level of disclosure, and other labour organizations not?

The Chair: You have one more minute.

Mr. Dave Van Kesteren: Very quickly, a huge amount of capital is involved here. I don't know if you mentioned, but I read somewhere about how much money is involved in union dues. What you're telling us is that prior to this there really was no way for the public to know just where all that money was going.

Mr. Russ Hiebert: Mr. Van Kesteren, that's correct. It's our estimate that \$3 to \$4 billion a year is collected by labour organizations in union dues. That's a large amount of money. I've already referred to the \$500 million tax benefit that is afforded to labour organizations. I'm informed by tax lawyers and experts that at the present time, unlike you and unlike a corporation or a charity, labour organizations have no obligation under the Income Tax Act to keep records or to disclose information on demand.

This would definitely increase the amount of disclosure required. Let's remember why.

The purpose is to increase the confidence Canadians have that labour organizations are operating with transparency, accountability, and financial integrity.

The Chair: Thank you.

Mr. Cuzner, you have five minutes.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Thank you very much, Mr. Chair. It's a pleasure to be here.

Russ, I have only five minutes. I will get right to it.

Your characterization of the demands that are going to be placed on organized labour, which is that they mirror charities, is a bit of a stretch. If we were looking at athletic events, one would be a sprint, and the other would be a decathlon.

Our office sent a letter to CRA asking for the same information you are asking from unions through this legislation. What we got back from the CRA is that "the Privacy Act precludes the CRA from disclosing personal information about its employees. In some cases, the CRA may be able to respond with aggregate data." We're asking far more of unions than we are of charities and even crown corporations.

To the cost of this, could you tell me how much this is going to cost the Government of Canada to administer? Could you give me a dollar figure?

Mr. Russ Hiebert: I'll answer the first part of the question, and then I'll get—

Mr. Rodger Cuzner: No, that's the question. How much does it cost?

Mr. Russ Hiebert: Mr. Cuzner, as you would know, a private member's bill is not allowed to cost the government any new expense. If it did, it would require a royal recommendation, and I wouldn't be sitting here today. Any expense the Government of Canada would have to incur would be within the current envelope.

• (1555)

Mr. Rodger Cuzner: It costs \$33 million annually to administer the charity section of CRA. They employ 310 people. That cost will go up \$5 million in the 2012 budget. How can we say, with this being so much more involved and far more complex, that this is not going to impact the costs?

Mr. Russ Hiebert: As I said, if this were to have a direct impact on the operation of government, it wouldn't be an acceptable private member's bill, and I wouldn't be here today explaining the nature of the bill. The costs will have to be incurred within the current envelope of the government.

Going back to the charities and the level of disclosure, I have not ever said that the level of disclosure required under this bill is the same as it is for charities. I have used charities as an example of disclosure that has occurred for 35 years.

Mr. Rodger Cuzner: You would agree that it's significantly more.

Mr. Russ Hiebert: I would agree that the level of disclosure required for labour organizations is different from what is required for charities, because it's a different kind of institution. You can't equate the two. I would point to the example of the United States, which has had this legislation since 1959. Canadian labour organizations affiliated with U.S. unions are currently having to disclose the same level of detail.

Mr. Rodger Cuzner: To paint the picture that there's no disclosure now I don't think is actually right. There are seven provinces that have similar legislation in place.

Mr. Russ Hiebert: There's not disclosure to the public, though.

Mr. Rodger Cuzner: Let's go to the United States Department of Labor, since you wanted to cite the U.S. example. Could you give us a dollar figure as to what it will cost the unions?

Mr. Russ Hiebert: As I alluded to in my opening remarks, when the enforcement provisions were brought in around a decade ago, many of the United States' labour organizations made the same complaint, which was that it was going to cost them an enormous amount of money. They added a clause to the bill forcing them to include the cost associated with complying with the legislation. When those records started to come in, the costs were far lower than was ever expected. There have been no amendments to the legislation in the last decade to address those issues.

I can give you one example.

The Chair: You have 30 seconds.

Mr. Russ Hiebert: Don Todd, the former Deputy Assistant Secretary of Labor in the Office of Labor-Management Standards, who was responsible for administering and enforcing the legislation in the United States—

The Chair: Mr. Cuzner, it is your time.

Mr. Rodger Cuzner: If you want to cite the U.S. example, the public reporting burden for the collection, under the LM-2 report cited in the U.S. Department of Labor document, is 536 hours per response. If there's anything extenuating, it's 654 hours. I would think that there would be a substantive cost for those individual locals.

The Chair: Do you have a brief response, Mr. Hiebert?

Mr. Russ Hiebert: It directly depends on the size of the labour organization. The example that I was given, and that I'll give to you, is that the AFL-CIO, which represents 56 unions that themselves represent 12 million unionized Americans, estimated before the change came in that it would cost them \$1 million a year to comply with the new reporting requirements, but it was disclosed, as they have to, that in the first year it cost them \$55,000, so it was substantially less than their original estimate.

The Chair: Thank you.

We'll go the final questioner in this round.

Go ahead, Mr. Dykstra, please.

Mr. Rick Dykstra (St. Catharines, CPC): Thank you, Mr. Chair, and through you to Mr. Hiebert.

I appreciate the clarification in your opening remarks—

The Chair: Do you have a point of order, Monsieur Caron?

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Yes. You just said the “final” one...?

The Chair: We're doing 30 minutes with Mr. Hiebert. Then we're bringing the organizations forward, and they're getting—

Mr. Guy Caron: The reason I'm going for a point of order is that, from my understanding, the presentation should have been five minutes, and it was ten minutes. By being five minutes more than what was expected, we're losing one round of questioning.

The Chair: My understanding of the agreement was that Mr. Hiebert had ten minutes and we had one round. It was NDP, Conservative, Liberal, Conservative for our first round.

That's my understanding of the agreement that was between all parties.

[Translation]

Mr. Guy Caron: Okay.

[English]

The Chair: Thank you.

Mr. Rick Dykstra: Mr. Chair, my time starts...?

The Chair: Your time starts now, Mr. Dykstra.

Mr. Rick Dykstra: Thank you.

Mr. Hiebert, you mentioned five areas of ensuring privacy. I just want to make sure we're clear on this, because it's one of the major concerns I think a lot of us have. With regard to those who are receiving health care benefits, you're asking that amendments be put forward regarding health care benefits and solicitor-client privilege and that home addresses and personal information not be listed. There was also the bill's definition in terms of preserving an element of privacy for health and pension funds.

I appreciate that. It's very helpful to understand that you're willing to do that, because I think that's an area of concern for many.

The other question I have relates to the provision you have in the bill regarding the lobbying and the estimate time. That aspect has a little bit less to do with the declaration of what finances within a union are going to particular issues and to ensuring that they will become public. Could you expand briefly on the rationale behind political activities and the estimates of lobbying being included in the bill, and why they are?

• (1600)

Mr. Russ Hiebert: Sure, Mr. Dykstra, and thank you for the question.

It's my belief—and the belief of Parliament, for that matter—that lobbying activities, political activities, are of public interest. That's why Parliament has an officer responsible for lobbying. The Lobbyists Registration Act places limits on the contact that individuals can have with members of Parliament. Every contact has to be registered and disclosed.

Similarly, charities have to disclose their political activities, and are in fact limited in how much political activity they can participate in. That demonstrates a public interest in knowing where organizations or individuals are spending their time and money. In the same vein, this legislation requires similar disclosure—again, as it does in the United States—to create that level playing field.

That's the basis for the requirement. The public has an interest in knowing this information.

Mr. Rick Dykstra: So the political activity of unions in the United States is included within the context of their bill.

Mr. Russ Hiebert: Absolutely—and the time spent.

Mr. Rick Dykstra: Thank you for that.

One of the pushbacks I've heard on it is that those who are in the industry of lobbying and working with levels of government, at least at the federal level, have to disclose the amount of time they are lobbying through the lobbyists registrar. How would that change? Are they not required to do that now? Why wouldn't we use that as the vehicle to achieve what you're trying to accomplish?

Mr. Russ Hiebert: Certainly organized labour leaders, if they are directly lobbying an elected official, are required under the act to

disclose that information to the lobbyists registrar as well, but this is talking about all levels of government, not just the federal level.

Mr. Rick Dykstra: Understood.

Mr. Russ Hiebert: That legislation covers only federal lobbying. It doesn't cover lobbying at other levels. That would be included in this legislation.

Mr. Rick Dykstra: Prior to the mid-1990s, under the Corporations and Labour Unions Returns Act, which is now the Corporations Returns Act, it was required that labour organizations submit financial information to the Chief Statistician of Canada. I'm sure you have done a lot of research on this. How does this compare with what happened previously?

Mr. Russ Hiebert: Previously the legislation required disclosure to the statistician, as you pointed out. That legislation was later withdrawn, but it was never made public, and that's the big difference between what was happening then and what this bill is proposing. The level of disclosure is slightly different, but the big difference is that this is publicly disclosed, and that never was.

The Chair: You have one minute.

Mr. Rick Dykstra: Thank you, Chair.

Through you, Chair, I've heard from labour organizations in my riding and from others about the definition of labour organizations within the bill being too broad. What is your opinion on the current definition?

Mr. Russ Hiebert: I think the current definition is appropriate. Of course, a lot of thought was put into making sure that it wasn't so broad that it would capture organizations that were doing other activities, yet not so narrow that it would exclude organizations that were effectively doing the same thing. The words that were chosen were carefully thought through. We wanted to make sure that it wasn't too narrow or too broad and that it wouldn't miss something or go too far in either case.

Mr. Rick Dykstra: Thank you.

The Chair: Thank you very much, Mr. Dykstra.

Mr. Hiebert, I want to thank you for presenting your bill to us here today.

Colleagues, I will suspend for one minute.

I'll ask all the presenters to very quickly come to the table. We'll start as soon as we can. Thank you.

• (1600)

_____ (Pause) _____

• (1605)

The Chair: I call the meeting back to order.

I want to thank our guests for joining us here this afternoon.

First of all, we have the Building and Construction Trades Department, AFL-CIO, and then the Canadian Bar Association, the Canadian Labour Congress, and the Canadian Taxpayers Federation. We also have two guests by video conference, and I hope that the sound is working. We have, from San Francisco State University, Professor John Logan.

Professor Logan, can you hear me?

Dr. John Logan (Professor, Labour and Employment Relations, San Francisco State University): I can hear you. Thank you.

The Chair: Okay. Thank you.

We also have, by video conference from British Columbia, Mr. Dan Kelly, from the Canadian Federation of Independent Business.

Mr. Kelly, can you hear me?

Mr. Daniel Kelly (President and Chief Executive Officer, Canadian Federation of Independent Business): I can hear you fine.

The Chair: Okay. Thank you.

We have an hour and a half for the rest of this session, so I would ask our witnesses to do an opening statement for a maximum of five minutes. There are a lot of questions from members on this issue.

We'll start right away. Go ahead, Mr. Blakely, please.

Mr. Robert Blakely (Chief Operating Officer, Canadian Office, Building and Construction Trades Department, AFL-CIO): Thank you, sir.

Thank you very much for this opportunity.

I'm one of the 500,000 men and women who make their living in one of Canada's biggest and most important industries, the building and construction trades. Shortly put, we build the nation.

We've had a number of fairly important and I think shared concerns with the current Government of Canada dealing with energy, pipelines, nuclear, natural resource extraction, and looking after Canadian veterans. We've been a pretty reliable partner on that with industry and with government.

We would like to build a stronger Canada. What we said we were going to do on that subject with you, we have done. We have done it through regulatory reform, through the pipeline debates, and through Bill C-45. We think the current private member's bill will make a lot of our members question why we would bother to try to work with the Government of Canada. I'm here to ask you not to make a mistake.

We're about putting people to work. What's at stake here is the use of the taxation power of the Government of Canada to punish a perceived enemy that a number of people think has never supported us since Confederation.

Let me put the argument on a higher plane. If the dues paid by a union member are moneys deducted from income prior to tax being paid, then union dues are taxpayer-funded. This premise is wrong, both in law and in logic: the union member gets the tax break, not the union, but let me indulge this for a moment without conceding the point.

If the public policy principle is that if the taxpayer funds it, then the taxpayer gets to know about it, look at your own return when you file it. Line 212 of the income tax return provides for annual union, professional, or like dues. They may be deducted in order to calculate net income. This should apply to doctors, lawyers, veterinarians, engineers, human resource professionals, and a host more, because those sorts of organizations are funded by tax dollars. If they are funded by tax dollars, why would they not be required to disclose, if this is solid public policy?

There are thousands of employer organizations in this country. There are thousands of other not-for-profit, industry-based advocacy organizations that are funded by dues deducted from pre-tax income of corporate Canada. This must of course mean that they are funded by tax dollars. If it is sound public policy to require unions to disclose, why would they not be required to disclose?

The mother of all tax breaks is the 75% of the first \$350 we get from our political donations, and that is actually a tax credit for tax paid. The mandate of political parties is to nominate candidates, to set out platforms, to elect leaders—one of whom will eventually become the prime minister of the country—and to affect the country. If political parties are funded by tax dollars, are they required to disclose? The answer is yes, but it is a simple financial statement. There is no breakdown. It is all aggregated data. There is nothing that will tell you what someone has done.

• (1610)

The Chair: You have one minute.

Mr. Robert Blakely: Business gets to deduct from income things like the SkyBox at the Air Canada Centre and the business lunch, less personal consumption. Isn't that funded by tax dollars and shouldn't that be accountable? Are we in a position where a mom-and-pop investor should be making a public disclosure and we need disclosure of what the restaurant down the street pays its waitress?

I'm a lawyer. I'm a member of a professional association. I can't practise law unless I'm in and paying. I have no choice. As a steamfitter—I'm also a steamfitter—I can be a union steamfitter or a non-union steamfitter. There are no non-union steamfitters.

Business organizations, advocacy groups, the Merit Contractors Association, LabourWatch, and the other interrelated groups that are in favour of this are asking you to have us do something they're not prepared to do themselves. Who's asking for this? There are no union members chafing in chains and saying, "Give us the disclosure the union won't give us." The only people asking for this are the Merit Contractors, LabourWatch, and the Canadian Federation of Independent Business, a group of interrelated, non-union-supportive employers.

The Chair: Okay. Thank you for your presentation.

We'll now hear from the Canadian Bar Association, please.

Mr. Michael Mazzuca (Chair, National Pensions and Benefits Law Section, Canadian Bar Association): Thank you, Mr. Chair and honourable members.

I am pleased to be here today on behalf of the Canadian Bar Association. The CBA is a national association representing over 37,000 lawyers from across Canada. The association's primary objectives include improvement in the law and in the administration of justice, and it is with this perspective that we have examined Bill C-377. It's important to note as well that the CBA not only has regional representation but also tries to ensure that different perspectives are taken into account.

I am the chair of the national pension and benefits law section. We try to ensure that our executive not only has members from across the country but also has individuals who represent different types of clients. We have members on our executives who represent corporate interests, who represent pension funds, who are in-house at pension plans or consulting firms, and who represent members.

The submissions that were put before you have been supported and drafted by all members of our executive committee. Having looked at the bill, the CBA submits that the bill should not be passed into law due to a number of concerns, which are set out more fully in our written submissions.

We have highlighted four primary concerns. We have already heard some discussion about some of those earlier today. One overriding concern we have is a constitutional law concern. The Canadian charter enshrines and protects Canadians' freedom of expression and freedom of association. Bill C-377 would impose upon labour organizations and labour trusts, both defined terms under the bill, very substantive and, some would say, onerous reporting requirements and detailed statements.

These are not, as we've heard earlier, the same as those with respect to charities. These are not aggregate amounts that need to be reported; the way the bill is currently framed would require that information about transactions be recorded, including payer, payee, the purpose of the transaction, and a description of the transaction itself.

To the extent that this in any way places a restriction on individual Canadians' freedom of expression and freedom of association, the CBA believes that such a restriction would place the bill at risk of a charter challenge. Also the bill itself does not, on its face, set out a justification for these infringements.

Secondly, the CBA has in our submissions highlighted a number of privacy concerns. Since, under the bill, details such as payer, payee, names, and addresses would need to be reported, and to the extent that the bill requires the reporting and making publicly available of details of salary benefits for all officers, directors, trustees, and employees, we believe that it would infringe upon privacy concerns and existing privacy laws.

The bill also requires the disclosure of some of the most sensitive information relating to individual Canadians' political activities and beliefs, and again we believe that's inappropriate.

● (1615)

The Chair: You have about 30 seconds, please.

Mr. Michael Mazzuca: With respect to pension and benefits, I think we've heard some suggestions that there should be amendments. I've heard both that the matters of benefits should not be made public and also that they should be exempted. It's the CBA's position that the bill should not apply to pension plans, health and welfare plans, and other benefit funds that provide benefits to plan members. These types of plans obviously have an enormous number of transactions over \$5,000, and there would therefore be an enormous burden on those plans to report and similarly an enormous burden on the CRA to receive those reports.

Fourth, there is the matter of costs. I think there is a significant cost because of the very detailed reporting. The bill requires the reporting of all transactions. The ones that are enumerated are simply inclusive. Again, we believe that would impose burdens of cost on both the trade unions and the funds.

The Chair: Thank you very much.

We'll now hear from the Canadian Labour Congress, please.

Mr. Kenneth V. Georgetti (President, Canadian Labour Congress): Thank you, Chair.

We're deeply concerned about this private member's bill and its many disturbing provisions. We're so concerned that we think this legislation should be withdrawn. I'll briefly touch on some of our objections, all of which are detailed in our submission to the committee.

We strongly believe that Mr. Hiebert's unnecessary bill would create more bureaucratic red tape that will be very expensive for our government, pension plans, investment managers, health and benefit plans, and labour organizations to administer. It will significantly intrude on the privacy of a large number of our members, as well as on the privacy of many other individuals who are not union members and on the privacy of their families.

We also believe it's unconstitutional and that it offends both federal and provincial privacy laws. Despite our differences, as Bob Blakely said, we've successfully worked with the government on a wide range of issues, and not once in my career of 30 years has a government minister or a representative raised concerns about accountability with us—not once. When Mr. Hiebert introduced his bill, he told reporters that he had not received a single complaint from a union member that he or she could not get financial information from their union. There's a good reason for that.

In the six provinces and the federal government where there this legislation is governing the provision of financial information to union members, there were in 2010-11 a grand total of six complaints filed with labour boards, all of which were resolved. This represents six complaints out of 4.2 million union members in Canada.

The reporting requirements in Mr. Hiebert's bill will intrude right into the medicine cabinet of many Canadian families. His bill flies in the face of long-held conservative principles of less intrusion by government, budget reduction, and less bureaucracy. I think it's ironic that this very government got rid of the long form census on the basis of intrusion into an individual's privacy—asking how many toilets you have in your house—yet this bill does exactly that in a much more intrusive manner.

This is why, Chairman, dozens of pension plan managers, investment fund managers, and benefit plan administrators have advised us that they oppose this legislation. To implement Mr. Hiebert's bill, the government will have to invest in costly systems—not uncostly systems, but costly systems—capable of processing tens of thousands individual reports containing thousands of separate transactions.

Who is promoting this bill and where is the support coming from? Why do they want the information that this bill provides? Who is behind it? You don't have to look hard to see Merit Canada, an organization that does not even release the names of its board members and that has four lobbyists on the Hill today lobbying on this bill. There's the Canadian Federation of Independent Business, which is, I might add, a non-profit organization just like us that issues tax receipts for its members' fees. There's the National Citizens Coalition, which holds no annual general membership meetings and provides no financial statements to its members. There's LabourWatch and the Canadian Taxpayers Federation. These are all the same people wearing two or three hats at the same time. They work very hard to destroy what we've accomplished. We know these groups.

The few MPs promoting this bill don't like us. They have a track record to indicate and prove that fact, but it's important to note that none of these organizations, which enjoy tax-free status and lobby the government on an ongoing basis, are very transparent at all. Not a single one of them would agree to share the information publicly, yet they want you to gather that from us. In fact, Merit Canada was until recently in violation of the legislation requiring it to report to the industry minister himself.

There are going to be a lot of unintended victims of this bill: people who are on disability plans, a person in the same benefit plan as a union member, businesses, commercial enterprises that have

contracts with us. All of them will have private information posted on a public database. This is information employers cannot obtain from plan carriers because of privacy legislation.

In summary, this bill is seriously flawed legislation that is unnecessary. It's bureaucratic, it's discriminatory, and, I might add again, it's unconstitutional. I strongly encourage you to review the wide range of organizations opposing this legislation.

In conclusion, if there is a real concern about the deductibility of professional fees and union dues or tax receipts issued by non-profit organizations, I'd like to reiterate my wish that the government discuss it directly with all sectors of Canadian society that are treated similarly and equally under the Income Tax Act. Then, working together, it may be possible to come to a reasonable solution regardless of our views on specific issues.

I do need to add, Mr. Chair and committee members, with respect, that how we deploy our financial and staff resources is frankly none of your business. Our members have told us they don't want their bosses to have access to this information in order to use it against them.

• (1620)

Our policies and our budgets are set by our owners. We call them “members”; they're shareholders in the private sector. We're democratic, our conventions are open to the public, we're transparent to our members, and our decision-making is not the business of the government, our bosses, or anti-union organizations.

This private member's bill will set terribly bad policy if it's adopted, and I urge you to reject it.

The Chair: Thank you for your presentation.

We'll now hear from the Canadian Taxpayers Federation, please.

Mr. Gregory Thomas (Federal and Ontario Director, Canadian Taxpayers Federation): Thank you, Mr. Chairman.

My name is Gregory Thomas. I am the federal director of the Canadian Taxpayers Federation, representing 79,000 supporters across Canada. We are Canada's oldest and largest voice for smaller government, more accountability, and lower taxes.

We appreciate the invitation here today.

Our organization supports this legislation. We believe that similar legislation has been in place for charities for many years. The vast amount of tax relief afforded to labour organizations in the form of tax deductibility for union dues, tax-free status for core operations of labour organizations, and tax-free strike pay creates a public policy interest in having disclosure.

Our organization has a long and vigorous history of stepping on the toes of government in the interest of disclosure, governments of all stripes. We've locked horns with government members over the issue of whether golf green fees should be deductible; we say they shouldn't be. It's the same for hockey tickets: we're against it. We're against corporate welfare. We're against pork-barrelling. We try to be consistent, and in the course of our trying to be consistent, people sometimes get a misguided view of where our organization sits, but we take a principled stance in support of the spirit of this legislation.

With regard to the details, we're obviously out of our depth. We don't have a vast army of lawyers and specialists. On the notion that this bill is at risk of a charter challenge, this is Canada. Our jaywalking laws have been subject to a charter challenge. The only bill that's not at risk of a charter challenge is one that's never been passed.

• (1625)

Mr. Robert Blakely: That's a good point, actually.

The Chair: Order. It's Mr. Thomas' time.

Mr. Gregory Thomas: We salute the spirit of the House of Commons in providing private members with the opportunity for legislation, over the last couple of decades, thanks to the outrage of groups like ours that see private members not given the independence they deserve and not being able to bring independent ideas to the House.

This bill received the support of a majority of members of the House to get it to committee stage. At the time, many of the members who voted for, and possibly even against, the bill indicated that they wanted to see what would come out of the committee, so I think to deride an independent member who gets a bill to committee stage for sloppy drafting undermines the spirit of private members' legislation. I'd be very cautious about that. That's what committees are for.

What legislation has brought the Canadian Labour Congress, the Canadian Federation of Independent Business, the building trades, and the Taxpayers Federation around the same table to have an open discussion? How often do we get a voice like this?

I don't think you can, on the one hand, condemn omnibus legislation and that style of legislation—which we certainly do—and at the same time take issue with a private member bringing a bill, getting it past second reading, and bringing it to committee. I think this is what parliamentary democracy is all about. I think this gives all members on all sides of the House an opportunity to have an influence on the process, and also an opportunity to Canadians from all walks of life.

We endorse this process. We endorse the legislation in spirit, and we appreciate your giving us this opportunity to participate today.

The Chair: Thank you for your presentation.

We'll now hear from Professor Logan, from San Francisco State University.

Professor Logan, please go ahead with your five-minute opening statement.

Dr. John Logan: Thanks very much, Mr. Chair, and thank you to the members of the committee.

I'm director of labour and employment studies at San Francisco State University. I'm going to talk about the U.S. experience with this type of legislation.

I would like to mention that I don't believe the U.S. is the centre of the universe. I was born in the U.K. Before coming back to California I taught for nine years in the department of management at the London School of Economics. I did graduate work in Canada, but here I think the U.S. experience is very instructive and gives rise to serious concerns about both the cost and the benefits of this type of legislation.

I would like very briefly to make three points. First, I believe very strongly in union transparency and accountability; however, what we have seen in the U.S., particularly under the last Bush administration, which introduced the detailed financial reporting that this bill is based upon, was not real transparency. It was an attempt to politicize regulatory enforcement in the name of transparency.

Second, contrary to what has been stated before, I think there's absolutely incontrovertible evidence that the costs of these new regulations for both government and for unions are very substantial, and I will come back to that point.

Third and finally, I think there's no evidence whatsoever that these detailed financial statements have provided any useful service to ordinary union members. I think the only groups that have used them were the very groups that were pushing for them in the first place, and those have been groups that have a political agenda to weaken unions and to use this information against unions, albeit often in a misleading and distorted way.

First of all, in terms of the attempt to politicize regulatory enforcement in the name of transparency, as has been said about the Canadian legislation, there's absolutely no evidence ordinary union members were pushing for these detailed financial disclosures in the United States. However, there's considerable evidence that groups with a separate political agenda to weaken unions were the very ones were pushing for it, and I'll simply quote from one politician, Newt Gingrich, whom I'm sure you are familiar with. He said that a future Republican administration must impose increased financial reporting requirements. He said, "It will weaken our opponents and encourage our allies". That's exactly what the Bush administration did in 2000 when it came to power.

The costs associated with these new reporting requirements are very substantial. The costs to the government in terms of processing these forms are a minimum of \$6.5 million per year. These figures are from the *Federal Register* from the Department of Labor. This is under a system in which we have had 60 years of experience. The division of the Department of Labor that does this has been established all that time, and we know how to do this, so if you're talking about establishing an entirely new division and using government resources to train unions in how to comply with the reporting, there's reason to believe it will be significantly more than that.

In the United States about 29,000 labour organizations file these reports. They only apply to private sector unions, not to wholly public sector organizations, as I believe is the case in Canada.

Importantly, the major cost is the filing of the so-called LM-2 forms, which require the itemizing of expenditures of \$5,000 or more. In the U.S. these apply only to labour organizations with revenues over \$250,000 per year. We have much simpler forms for smaller organizations. There's a separate form for organizations with revenues between \$10,000 and \$250,000 a year and a separate form for organizations with revenues under \$10,000 a year.

This is not the case in Canada. In Canada everyone will be submitting the more detailed forms, and this is what incurs the costs, both to government and to the unions.

• (1630)

The costs to the unions are very substantial. The Department of Labor estimates the cost of complying with the LM-2 forms, which are the types that are under consideration with this bill, to be \$116 million in the first year, \$83 million in the second year, \$82 million in the third year, and so on.

We also have a very extensive academic survey conducted by scholars at Cornell University and Pennsylvania State University of over 100 national and international unions in the United States. In my submitted comments, I'll summarize the findings.

Simply, one of the findings is—

The Chair: Professor Logan, I'm sorry to interrupt. Could you briefly wrap up, please?

Dr. John Logan: I have one final thing: it is that 83% of unions reported that staff members were required to spend more time on compliance and less time on other duties.

In sum, I would say, when you ask who has benefited, more burdensome reporting requirements have not benefited the public interest. They have not exposed cases of corruption or made union officials more accountable to their members. They haven't advanced the cause of transparency. However, they have wasted public money and they have politicized regulatory enforcement in the United States.

I'd be happy to answer in more detail questions about any of these issues.

The Chair: Thank you for your presentation.

We'll now hear the opening statement from the Canadian Federation of Independent Business, please.

• (1635)

Mr. Daniel Kelly: Thanks very much for the opportunity. I'm Dan Kelly, the president of CFIB.

I'm here to speak in favour of this piece of legislation and to give you a little bit of an understanding of how this would work from our perspective.

There's been a lot of discussion about whether what's good for the goose is good for the gander—whether groups that are not-for-profit associations, advocacy groups for taxpayers, small business owners, or business owners of any sort should be subject to the same kinds of provisions. However, there is one important principle, one important difference that needs to be spoken about with respect to this legislation that targets unions and the spending of unions, and that is the voluntary nature of membership fees.

We in most associations, and certainly in my association, have completely voluntary membership fees. If a member of ours, a small business owner and a member of CFIB, at any given point in time feels that my spending, our spending, is inappropriate or has questions or doubts about that in any way, they can quit the next day.

In Canada, because of the Rand formula, that is impossible. You are required by law to pay union dues whether or not you want to be a member.

I accept that most union members likely want to belong to the union and support the union that they're a part of. I don't take any issue with that. However, I will say that because legislation in Canada, legislation that is largely unprecedented in the world these days, gives unions massive powers to collect dues from those who may not wish to belong, then additional sets of responsibilities should be taken to address them to ensure that those—perhaps few—members who don't want to belong and don't want to pay dues are able to get as much information as they can to inform their thinking about the organization they are funding.

We have 109,000 members across Canada. All of them are completely voluntary. We are a non-partisan organization, we work with all political parties at all times, we don't endorse candidates in any fashion, and we don't accept government funding. I'm really pleased to hear that some of our organized labour colleagues are joining our call for reduced red tape and paperwork, but I have to note that it is largely the first time I've ever heard this. Most of the time most organized labour organizations are pushing for additional regulation, additional red tape for business on a day-to-day basis.

Somehow Canadians have convinced themselves that we are in the mainstream of union legislation around the world, that Canada is perhaps somewhere between the U.S. and Europe, but nowhere in Europe right now are employees who work in a unionized environment required to pay union dues. In Canada they are. Again, with that, additional responsibilities are due to the union members and to the public by an additional level of disclosure.

We do have a suggestion, though. If a union is uncomfortable with this legislation, perhaps there could be an exemption made for those unions that decide to make their union memberships and union dues voluntary. Perhaps then they wouldn't need to be subject to this additional standard. If that were able to be changed, certainly we would support that.

Thanks very much.

The Chair: Thank you for your opening statement.

We'll begin members' questions with Monsieur Caron. *Vous disposez de cinq minutes.*

[*Translation*]

Mr. Guy Caron: Thank you very much.

In his opening comments and his questions to the sponsor of this bill, my colleague mentioned that the bill is badly written. That is my reaction to the bill too and to the number of amendments that we are being asked to write in order to correct the deficiencies in its five pages.

By the way, it bears mentioning that this is the second version of the bill because the first was rejected. What we are being asked to do, in fact, is not to review or study this bill, but to rewrite it entirely for the hon. member.

Mr. Mazzuca, were you here for Mr. Hiebert's presentation?

Mr. Michael Mazzuca: Yes.

Mr. Guy Caron: Do you feel that I am exaggerating in what I am saying? In terms of the bill as tabled and the list of amendments we have been presented with, is the issue really the very substance of the bill?

[*English*]

Mr. Michael Mazzuca: If I may, one of our biggest concerns with the bill, and we have a few, is with respect to its extremely broad definition of labour trusts. We've already heard several times this afternoon that it includes a number of entities, which may or may not have been the intention of this bill. The way it's drafted, it includes pension funds that have any unionized members, health and welfare trusts, supplementary unemployment insurance benefits, training funds, etc. Taken in its black-and-white wording, it would also include provincial workers' compensation funds, because they have unionized members in them.

It's clear that to address these issues, the bill would have to be significantly revamped and redrafted. It's for that reason that the CBA, rather than suggesting specific amendments, has suggested that the bill not be passed.

• (1640)

[*Translation*]

Mr. Guy Caron: So you are pointing out that the original bill raised questions of privacy.

In my opinion, the hon. member has clearly demonstrated that there are some quite major shortcomings and has asked us, the committee, to rewrite the bill so as to get round the privacy issues as much as possible.

You are basically telling us that the issue is a fundamental one and that, given the way in which the bill is drafted and the way in which the committee works, it is really impossible to save this bill in terms of the fundamental issue of privacy.

[*English*]

Mr. Michael Mazzuca: With respect to the issues of privacy, I think there's clearly an issue on the side of pension, health, and welfare plans that needs to be addressed. Requiring somebody's pension benefits or prescription drug benefits to be posted on a public website would run afoul of Canadian privacy laws and Canadian privacy concerns.

One of the other fundamental issues with respect to the reporting required under the bill is its breadth. It doesn't have a number of enumerated items that need to be disclosed. The way the bill is currently drafted, those enumerated items are simply examples of items that need to be disclosed. The way the bill is drafted, it states that any transactions, in aggregate, of over \$5,000 need to be reported, and then it lists the items that are included.

We think that because of those fundamental issues, it really needs to be pulled back.

[*Translation*]

Mr. Guy Caron: Thank you. I have one last question for you.

Do I have 45 seconds for that?

The Chair: One minute.

Mr. Guy Caron: One minute. Great.

According to Mr. Hiebert, one main reason why this bill has been introduced is that union dues are tax-deductible. So the organization should be more transparent.

Mr. Blakely tells us that there is a double standard because medical and professional organizations are not covered by this bill. Mr. Kelly tells us that it is quite normal because union dues are mandatory.

What is your opinion?

[*English*]

Mr. Robert Blakely: Well—

[*Translation*]

Mr. Guy Caron: The question is for Mr. Mazzuca, because I want a legal opinion. My apologies, Mr. Blakely.

[*English*]

Mr. Michael Mazzuca: When it comes to those issues, I think we're getting confused between items that are under provincial jurisdiction and those that are under federal jurisdiction. What we heard from Mr. Kelly is a concern that's addressed in provincial legislation. Provinces, as we know, will have legislation impacting trade unions, and that's within their mandate. I don't think the federal government gets to bootstrap into that area of jurisdiction through the Income Tax Act.

[*Translation*]

Mr. Guy Caron: Thank you very much.

[English]

The Chair: Thank you. *Merci*.

We'll go to Mr. Van Kesteren, please.

Mr. Dave Van Kesteren: Thank you, Chair.

Thank you all for appearing before the committee today. This is obviously a very contentious bill, and we certainly have heard some concern.

Mr. Thomas, it's interesting. At first I was somewhat taken aback or surprised that you would appear before the committee in this regard. You really don't have any skin in the game, I don't think, as some might argue the Canadian Federation of Independent Business or some of the labour unions do.

It's clear to everybody who reads the Income Tax Act that the two major groups that really benefit most directly from special tax breaks within the act are registered charities and labour unions. They receive very generous taxpayer-backed subsidies worth millions of dollars. That's becoming quite evident. While the charities have to publicly disclose things like compensation for their executives and the way they use funds, unions have to disclose nothing. I think you pointed that out as well. From the perspective of the taxpayer, why should the rules and regulations around disclosure be any different for the two groups, or why not?

•(1645)

Mr. Gregory Thomas: Thank you, Mr. Chair.

I think you're correct, sir, in observing that our interest as the Taxpayers Federation is more general than that of the other parties around the table. We take a principled stance against boutique tax credits—special writeoffs for children's hockey, political parties, oil and gas exploration, for example. If it were up to us, we would have more of an Alberta solution. We'd throw most of the Income Tax Act into the trash heap, and bang it right down as low as possible. Treat everyone equally. That's been our long-standing view.

In fact, political parties have the richest tax credit treatment. I won't take too much time to say this. I'll just say it quickly and let you know it's a scandal that political parties have far richer tax treatment on contributions than the Diabetes Association, the Heart Foundation, or the Cancer Society. It's a scandal, and it shows you that the politicians, not the charities, are running the tax system.

We believe there ought to be treatment for labour organizations analogous to charities. To pick up on what Dan Kelly of the CFIB mentioned, if Parliament wishes to extend the Rand formula.... The average donation to the Canadian Taxpayers Federation was \$140 last year. We had over 20,000 donations, in rough numbers, so if you wish to enrol the other 24 million Canadian tax filers into our organization and expand our revenue to \$3.5 billion, a thousandfold expansion in our revenues, we could get around this whole problem of having to get people to voluntarily give us money. For \$3.5 billion we might have a look at buying into the disclosure requirements that are being discussed here.

We don't believe in compulsion. We wouldn't want to force people to give us money; that's why we don't accept government funds, that's why our donations are not tax-deductible, and that's why we

enjoy the freedom to let our arguments speak for themselves and to conduct our business as a voluntary organization.

Mr. Dave Van Kesteren: I have to get this off my chest, Mr. Georgetti.

We've been doing a number of budget consultations. Of course, the implementation of the fall budget is coming up, and I can tell you that one of the things that we have not heard from the unions was a reduction in red tape. As a matter of fact, what we've heard from them more than anything else is that there's a real need for it, so I'm curious. I suppose there's a little confusion there. Why wouldn't your members want to see more red tape—more work, quite frankly—in the public sector?

The Chair: Thank you.

Please give a brief response.

Mr. Kenneth V. Georgetti: I'll just point out the hypocrisy of Mr. Hiebert's bill as a Conservative, because you are anti-red tape—

The Chair: Please go through the chair—

Mr. Kenneth V. Georgetti: —and yet you don't mind putting red tape on us. That's what I'm pointing out.

If you want to talk about regulation, I don't hear this guy volunteering to disclose his books because he's non-profit.

The Chair: Go through the chair.

Mr. Kenneth V. Georgetti: I don't hear him telling you that the head of LabourWatch sits on his board, which is very anti-union.

I think it is hypocritical to single out one group and say they have to disclose because you can make an argument for it. If you want to put red tape into the system that makes sense, and regulation that makes sense and that protects people, we're in favour of it. If you want to put it in to punish people, as you're doing with this bill, we're not.

The Chair: Thank you.

I will just remind all colleagues and all witnesses to direct their comments through the chair, please.

We will go to you, Mr. Cuzner, for your five-minute round.

Mr. Rodger Cuzner: Thanks very much, Mr. Chair.

Mr. Logan, you're an expert on labour laws and labour transparency. Obviously the rules have been in place for quite some time in the United States. You cited Cornell and Pennsylvania, and the studies that were done through those credible institutions.

Perhaps you could take about two minutes to continue on and highlight some of that experience. What's deemed to be the essence of the effectiveness of this, and who really benefits?

•(1650)

Dr. John Logan: The study was a very large-scale study of union administrative practices in general. As I said, one of the main findings with regard to reporting and disclosure was overwhelmingly that unions were spending more time on compliance and less time on other duties.

Of them 38%, for example, had to significantly change their accounting practices, 29% had to hire external consultants to comply with the new requirements, and 19% had to hire additional staff to comply with the new requirements. The cost involved for these organizations was very substantial.

This, keep in mind, was simply the cost of compliance with the new Bush regulations that were introduced only for organizations with revenues above \$250,000 per year. They would apply to all Canadian labour organizations regardless the level of their revenues. This is time and money paid for by ordinary union members.

As I said, there was never any evidence presented that union members were pushing for this in the first place. There was never any evidence to demonstrate that they received any benefit whatsoever from it afterwards.

We do know something about what union members want from their unions. Harvard economist Richard Freeman has written a very good book called *What Workers Want*. They want information in very broad terms. They want to know that the union has more money coming in than it has going out. They want to know broadly where it comes from and where it goes to.

The types of revisions instituted during the Bush administration and now being proposed in Canada do not provide them with the kind of information they want. It's not in a useful form. There has never been any evidence that it has actually been used by ordinary union members in the United States.

However, as I said, there is very substantial evidence that it has been used by organizations who have an agenda, who want to weaken unions politically and in other ways. One of the organizations that has used this information most in the United States is the Center for Union Facts, a right-wing organization that lobbies against unions in general and has an agenda to try to undermine unions, politically and otherwise. If it—

Mr. Rodger Cuzner: Mr. Logan, I only get five minutes here, and I want to get another question in, but I really appreciate your insight.

Mr. Kelly, your organization is a member organization that charges dues ranging up to \$3,500 per year. You advertise on your website that these dues are tax deductible. Your organization's also non-profit, and you do not have to pay tax.

Can you tell us approximately how much benefit you and your 100,000 members receive from Canadian taxpayers through tax exemptions and tax deductions?

Mr. Daniel Kelly: I couldn't tell you how much in total the tax deduction would benefit our members. I will point out that for a business to make use of this deduction on their income tax, they have to have an income. About half of businesses at any given time have none, so it does cost them money to belong to CFIB in those instances.

We don't have—

Mr. Rodger Cuzner: I only have 30 seconds left, so in the spirit of transparency, would you be willing to provide the committee with the information required by this particular bill? Would you be able to provide that to this committee from your organization?

Mr. Daniel Kelly: I'm sure we would be...able...to provide it. I do think—

Voices: Oh, oh!

The Chair: Order.

Mr. Daniel Kelly: —that if the government were to make CFIB membership mandatory for all small businesses, which is actually something we have been offered by some provincial governments, then I think we would have an obligation to provide that information to government in the same way.

However, at the moment, if anyone's discomfited by how we spend our money, and if, when I'm walking back to economy class and passing the union leaders in business class on every flight... If our members were uncomfortable with how we were spending our members' dollars, they could quit the next day; in unions, they can't. I think that's the important difference.

The Chair: Okay—

Mr. Rodger Cuzner: Do I have any time left?

•(1655)

The Chair: No, I'm absolutely sure, Mr. Cuzner. Thank you.

Go ahead, Mr. Dykstra, please, for your round.

Mr. Rick Dykstra: Thank you, Chair.

Mr. Mazzuca, the fact that you've made a decision to.... I haven't had a chance to read your submission. I thought you indicated that you made some recommendations as to how amendments would be put to the bill to address the privacy concerns. They are concerns I have coming to the table here, and I'm a little concerned that you've actually indicated that the bill should be either defeated or withdrawn. That leaves you not at the table if we're going to move forward with respect to amendments to address the issues, as highlighted both by Mr. Hiebert and obviously by those who are concerned on the privacy side.

I would like to ask you to be clear on this. We are moving through this process, and the potential for amendments to this bill is extremely strong. I would like to think that you'd like to remain at the table rather than remove yourself from it, in terms of saying, "Look, if we're going to go down this road in terms of privacy, here's what you should do."

Mr. Michael Mazzuca: Our submissions reflect three of our sections: the privacy law section, the pension and benefits law section, and the constitutional law section. The constitutional law section raises serious reservations regarding the bill's constitutionality. Again, that's one of the reasons the CBA has said that the bill should not be passed.

With respect to privacy concerns and pension concerns, we believe there are fundamental issues there. If the bill does proceed, it is the pension law section's view that pensions and employee benefits should be excluded from the bill—not simply that benefit payments not be made public, but that they not be required to be reported and that they not be required to be posted on a website.

I don't think the intent of the bill, at least on its face, was ever meant to capture pension and employee benefits, training funds, and supplementary unemployment benefit plans, the other types of plans that are covered by section 6 of the tax act. We believe that those should be exempted outright from the coverage of the bill.

Mr. Rick Dykstra: Well, I appreciate getting those put on the table, because in moving the bill forward and if the bill passes, having your recommendations for amendments is pretty important.

Mr. Blakely, I would say the same. You've indicated that you don't support the bill in its current form. Mr. Hiebert has indicated that he is open to and understands, from a privacy perspective, that specifically four significant amendments are going to have to happen. I'd like to think that you'd like to make your recommendations in terms of those amendments and not just simply withdraw from the discussion.

Mr. Robert Blakely: I certainly am open to discussing this.

There's a number of things. Even if you look at the parallel legislation in the United States, for example, pension funds and health and welfare funds and training funds are exempt from the bill in the United States. It's only the union that has to file.

The written submission we've put in suggests that if in fact there is a requirement that everyone who's under line 212 in the Income Tax Act has to make disclosure, then make professional associations do it, and we'll do it. Make employer associations do it, and we'll do it. It just seems to be fair to say that everyone who's in the employment milieu somewhere should report.

Mr. Rick Dykstra: But I—

The Chair: You have one minute.

Mr. Robert Blakely: In the United States, the act is the Labor-Management Reporting and Disclosure Act, not the union—

Mr. Rick Dykstra: You're repeating your message, and you're free to do that—

Mr. Robert Blakely: Sorry—

Mr. Rick Dykstra: I understand that, but my point is if we're going to move forward with amendments, I would like to think that you'd like to have an attachment or at least a submission with respect to those amendments, versus just simply comparing other organizations.

Mr. Robert Blakely: I have your point. I will do that.

Mr. Rick Dykstra: Okay, thank you. I appreciate that.

Mr. Logan, you've identified a couple of times that it was a previous administration in the United States that passed the legislation. You're not from the U.S., but you're working there. You'd obviously understand that there were two other levels of government, namely the House and the Senate, that would need to

have passed those measures as well. As I understand it, this bill was actually passed while the Democrats held the House and the Senate.

I would think that it was the entire government that passed it, not just the presidential administration.

• (1700)

The Chair: Mr. Logan, do you want to comment very briefly on that, please?

Dr. John Logan: I will comment very briefly.

You are absolutely right. It was passed at a time when union corruption and union racketeering were of much greater concern in the U.S. than they are today, but even at that time, one of the chief architects of the law, a professor of law at Harvard University, Archibald Cox, actually warned against “excessively elaborate reports which place an undue burden upon the ordinary men and women who serve as officers of many local unions”.

One aim of the legislation is to give publicity to financial malpractice. There can be no better place to hide than under a mountain of thousands of lengthy reports filed in the cellars of the Department of Labor. The intention of this—

Mr. Rick Dykstra: You also indicated that no one has been caught since the legislation was put in place—

The Chair: Okay—

Dr. John Logan: —was never to impose this degree of reporting and burdensome administrative practices simply as—

Mr. Rick Dykstra: You're going back to your message—

Dr. John Logan: —a way of hobbling unions' effectiveness.

The Chair: I would ask members, if they have a question, to leave enough time for their witness to answer.

[Translation]

Mr. Mai, please.

[English]

Mr. Hoang Mai (Brossard—La Prairie, NDP): Thank you, Mr. Chair.

Thank you, witnesses, for being here.

You've raised a lot of the legal issues, and they are of concern.

Mr. Mazzuca, as you have mentioned, there are a lot of unintended consequences in this bill. You also mentioned that even with the amendments, the bill should not be passed into law. You've raised privacy issues, but you also raised the constitutional issue with problems regarding the charter challenge. If we were to have a charter challenge, would it have to have the reason for this bill to exist?

In your brief you say that “it is unclear what issue or perceived problem this bill is intended to address.” Can you expand more on that?

Mr. Michael Mazzuca: From the CBA's perspective, the bill is obviously an amendment to the Income Tax Act. It would have to be supported on that basis. It wasn't clear to us on the face of this bill what income tax-related purpose the bill was attempting to achieve. It seems to have potentially maybe other reasons, but the taxing issue wasn't apparent to us on the face of the bill.

Mr. Hoang Mai: if we look at the privacy issues in terms of how it happens in real life, I think this bill would actually result in public disclosure of the names and addresses of hundreds of active duty police officers. Is there anything in the bill to protect these people in terms of...?

Mr. Michael Mazzuca: Right now the bill, in its current form, would require those to be published and made public on a website. Clearly that's, from our perspective, a concern. It's not clear to me what the proposed amendments are, but if the amendment is simply that the name and the salary still be disclosed, that could still raise public privacy concerns because, depending on the size of the organization, it's easy to figure out who you're actually talking about at that point.

Mr. Hoang Mai: Is there anything that would actually protect the safety of those police officers? I understand it also applies to retired police officers. Is there anything that would protect those people from retaliation or anything like that?

Mr. Michael Mazzuca: There isn't, not on the face of the bill as it is currently drafted.

Mr. Hoang Mai: Okay, thank you very much.

Mr. Blakely, this question is also in terms of how this bill applies to people.

[Translation]

We are talking about defending workers' rights. Is there any benefit to disclosing people's salary conditions, a secretary's, for example?

[English]

Mr. Robert Blakely: With respect to making things better for a trade union, I can see no public purpose whatsoever in having my secretary's salary on the public web for the world to see.

[Translation]

Mr. Hoang Mai: In your answer to Mr. Dykstra, you mentioned a problem...

[English]

There was an issue regarding fairness. This applies to unions, but it is not balanced. Could you expand on that?

• (1705)

Mr. Robert Blakely: The deduction for union dues is in the same section of the Income Tax Act as professional fees. I am a lawyer. I have to pay my bar fees, or I cannot work. I am also a steamfitter. I can be a union steamfitter or a non-union steamfitter. It's my choice.

If the unions have to disclose, why don't the professional associations, which must get exactly the same tax-funded status as the unions, have to disclose? Why wouldn't an employer's association, which has exactly the same funding structure and the same tax break, not have to disclose?

Mr. Hoang Mai: Mr. Georgetti, we've mentioned that this might cost \$6.5 million a year, or more, and \$160 million a year for the unions. Do you think it is a good time, in terms of a fragile economy, to spend that much money on that front?

Mr. Kenneth V. Georgetti: Of course not, because it serves no purpose.

I would also like to point out, from some of the evidence, that we have almost the same number of unions in Canada covered by the LM-2 in the United States. The cost to us, as unions, to compile this information and to CRA to collect it, enforce it, and publish it is going to be enormous at a time when we can better use these resources elsewhere.

The Chair: Thank you. *Merci.*

We'll go to Mrs. Glover, please.

Mrs. Shelly Glover (Saint Boniface, CPC): Thank you, Mr. Chair. I want to thank the witnesses, as well, for being here.

I am going to start off by correcting the record, for anyone who is confused. This is not a government bill. This is a private member's bill that I am happy to discuss.

I am a proud member of the Winnipeg Police Service. I have been a union member for almost 19 years, and I have heard concerns about this many times. I am very happy that Mr. Hiebert has addressed the concerns Mr. Mai brought up by proposing that amendments be made. I am happy to hear that.

I intend to return to a unionized workplace when I am done here in politics, so I have what you would call skin in the game. I want to make sure that as we're discussing this with all of you, everything comes out on the table.

Mr. Georgetti, I'm sorry, but I have to correct some of the things you said. You said that there have been no problems with regard to unions and perhaps some of their accounting practices. Most recently, and you are well aware of this, there were illegal contributions made by unions to NDP conventions in the amount of over \$340,000. They were caught.

This is something that is very well known. It is something that has caused angst for me, as a former union member, and for you and your union members, because it's not right. It doesn't fall within the parameters, and it was deemed illegal.

Other suggestions that there are no other complaints are also not correct, Mr. Georgetti. Let me just point out, if you would allow me to, through you, Chair, something that really is disturbing. There was a unionized worker who spent thousands of dollars, and there have been several of them, trying to battle their own unions to get information from their accounts. Let me read from Chris Vander Doelen. He is a CAW member.

And as a member of the CAW myself, I've had my own ideological hankering for years to know exactly where my dues are being spent, any time I want, without asking.

Under the current system, rank and file union members rarely hear financial disclosures of any kind, or have to go, cap in hand, begging to their local for what should be a basic right.

There is another one. In B.C., the United Food and Commercial Workers union fought their workers in multiple labour relations board and court hearings in a bid to deny them five years of financial statements. The case raged on for years. When it was finally decided in the Supreme Court of British Columbia, it came to light that the financial statements for 2002 through to 2007 weren't even compiled until the end of 2007 and early 2008.

I just want us to be very honest as we are discussing this. Yes, we have concerns, and absolutely, I'm glad that we're in a setting where we can make amendments, and we are looking for your advice on this aspect.

Mr. Thomas, you have some knowledge about the case in B.C., I believe. Is that accurate?

• (1710)

Mr. Gregory Thomas: I believe I read published reports about it, but I'm not a labour practitioner and I don't have any expert knowledge to offer.

Mrs. Shelly Glover: Okay.

Mr. Georgetti, I'm going to allow you to respond to the things that I've said about these cases. What I said is true, in fact. Those cases are in fact true, are they not?

Mr. Kenneth V. Georgetti: Let me respond quickly, Mr. Chair.

First of all, the contributions that you refer to were deemed inappropriate advertising. We were told by Elections Canada that advertising was allowed. We did it in good conscience, and when it was deemed inappropriate, the money was returned.

I want to be on record. We were the first group in Canada to advance the argument for election financing. We stand by that. We stay by it. When Elections Canada said, "You shouldn't have done that", the NDP gave the money back. We took it back—

Mrs. Shelly Glover: I appreciate that, Mr. Georgetti, and I don't want to take anything away from you on that, but it does demonstrate a problem, and that's why we—

Mr. Kenneth V. Georgetti: Our books—

Mrs. Shelly Glover: —need to have disclosure.

The Chair: You have 40 seconds.

Mr. Kenneth V. Georgetti: All of our books—

Mrs. Shelly Glover: But the other two cases—

Mr. Kenneth V. Georgetti: —and accounts are audited—

Mrs. Shelly Glover: Can you answer the question? Mr. Georgetti, it's my time, and I would like you to answer the two questions that I've posed.

Mr. Kenneth V. Georgetti: You have to let me answer them, then.

Mrs. Shelly Glover: You're about to do your message again, and I really want you to answer my question.

Mr. Kenneth V. Georgetti: All of our books are audited. There's legislation that exists in both Ontario and British Columbia that says union members have the right to access the finances of their union. Our constitution, to belong to our Canadian Labour Congress—

Mrs. Shelly Glover: I'm sorry to interrupt. My question was, are these cases accurate? Are you aware of the CAW and the United Food Workers cases?

Mr. Kenneth V. Georgetti: I'm not aware of the CAW one. I'm aware of the one from British Columbia, because it was—

Mrs. Shelly Glover: Then why didn't you bring it up when you said there were absolutely no complaints, and no reason for us to do this? That's what I need. I need you to be honest.

The Chair: Okay, let's have Mr. Georgetti respond.

Mr. Kenneth V. Georgetti: I resent the comment that I'm not honest. I'm truthful and honest all the time.

The Chair: I think we assume that all witnesses and all members are honest at this table.

Mrs. Shelly Glover: I withdraw that. I didn't mean to suggest you were dishonest. I just want you to make sure you put everything on the table.

The Chair: Let's have Mr. Georgetti respond.

Mr. Kenneth V. Georgetti: It was a long-drawn-out case in British Columbia that I'm aware of, involving a group of workers and their union. It went to the courts and was resolved. Yes, there are a lot of audits that have to go on. We have labour councils, and we conduct audits all the time to make sure that everything is above board and done properly.

From time to time, a few cases slip through the cracks. You mentioned two. I mentioned six. There are 4.5 million union members in Canada, and for the most part they have access to fine audited financial statements any time they want them. Once in a while there's an exception, but most of the time—I'd say 99.9% of the time—members get the information they want and deserve. Every member deserves to get financial accounting for their union dues.

The Chair: Thank you very much.

Mr. Marston, please go ahead for your round.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Thank you, Mr. Chair.

It's worth noting that those cases were resolved by the courts. They didn't need this bill to do that.

I signed my first union card in 1961, and I spent 22 years as a rank-and-file member of my union, first with the railway and then with the communication workers at Bell Canada. I attended every union meeting. Every month I saw and voted on the financial statements of two separate unions. Later on I was a delegate to our national convention, where I got to see and vote on every financial statement, which was audited. Then in about 1982, I was elected as an officer of my local, and I attended every single Canadian Labour Congress convention as a delegate until being elected here. I saw and voted on them.

I will point out something. Neither my employer nor the government had a vote on those, because it was the information of the membership. It was not of the union, but of the membership, because that's who the union is.

Mr. Blakely, your testimony today highlighted the fact that your competitors are the ones who want this bill, because it will give them an advantage over you. Would you like to explain that a little bit further? One point might be relative to the hiring hall. I mean, there is the separation between the two types of unions.

Mr. Robert Blakely: We're a hiring hall union. Hiring hall unions allow us to dispatch people to go to work for employers. To get on the hiring list, you need to be a member of the union. Our members are volunteers. For our pension plans and our training funds, we have about \$600 million invested in training across the country, and we spend about \$300 million a year training people. The bill will require us to disclose that information, and it will give our competitors, the merit shop, access to that information. They will know how much money we have, what we spend it on, what we do. It will give them access to an intelligence bonanza, bar none, to be able to compete with us.

We run the hiring hall; we run the pension plan; we run the training, with the assistance of our employer-partners. Our employer-partners bid against the merit shop. Why should they have to disclose what is essentially their trade and business confidentiality to their competitors? No other business has to do that.

• (1715)

Mr. Wayne Marston: This bill clearly sideswipes employers as well as unions.

Mr. Georgetti, has a government department, either the CRA or the U.S. Department of Labor, ever approached you or your members, that you're aware of, on an issue of transparency?

Mr. Kenneth V. Georgetti: As I mentioned, no, not at all.

Mr. Wayne Marston: I want to give you the chance to fully respond, sir.

Mr. Kenneth V. Georgetti: As I said, to belong to our Canadian Labour Congress, our constitution requires that affiliates provide timely and open financial information to all their membership. Not only can they complain to the labour boards where there's a law—this law doesn't exist in Alberta and Saskatchewan—they can complain to the Canadian Labour Congress, and we can force our affiliates to disclose that information.

Mr. Wayne Marston: Sir, as you know, I was the president of the Hamilton and District Labour Council for 14 years—

Mr. Kenneth V. Georgetti: That's right.

Mr. Wayne Marston: —and produced those statements to our members at every membership meeting. If I hadn't, your friends would undoubtedly have explained my obligation to me.

I'd like you to expand a little more, Mr. Georgetti, on the transparency that's already in place. You've talked about two provinces, but I understand six provinces have some requirements. Maybe I'm mistaken. Could you explain the compliance process they go through?

Mr. Kenneth V. Georgetti: It's also federal under the Canada Labour Code. Under the six provincial labour codes, unions must produce financial statements to their members on their demand. If they don't, they can complain directly to the labour board at no cost, and the labour relations board will conduct an investigation and write an order.

In 2010-2011, six orders were written by labour boards commanding that unions provide information on those members' requests.

The Chair: You have about 45 seconds.

Mr. Wayne Marston: I have 45 seconds.

I would love to go to the Bar Association, but I don't know whether I have time. In a short period, could you go into any detail on the constitutional problems with this?

Mr. Michael Mazzuca: You never ask a lawyer to go into detail and then say they have a short time.

Some hon. members: Oh, oh!

Mr. Wayne Marston: I was thinking that.

The Chair: You have 30 seconds to do it.

Mr. Michael Mazzuca: The problem from the constitutional point of view is that it requires such extensive reporting of payor/payee reasons for the transaction with respect to political activities, lobbying activities, and organizing activities, as well as collective bargaining activities, that this could hamper the ability of a trade organization to conduct its business. That in itself would potentially violate the freedom of association to belong to an effective trade union, as well as freedom of expression regarding political speech.

The Chair: Thank you. Thank you, Mr. Marston.

Mr. Adler, it's your round.

Mr. Mark Adler (York Centre, CPC): Thank you, Chair. Thank you all for being here today.

This is very informative. As Ms. Glover said, this is a private member's bill. It's not a government bill. We are trying to find out some information and get some perspective so that if this bill does end up becoming law, it's fair to everybody concerned, fair to all interests.

Mr. Logan, the U.S. legislation was passed in 1959 on a bipartisan basis. It was introduced by Republican and Democratic senators. Since then, have there been any amendments?

Dr. John Logan: What normally happens, and what happened during the Bush administration to bring in new regulations that the Canadian bill is largely based on—

Mr. Mark Adler: No. Excuse me, Mr. Logan; I need to know if there were any changes to the 1959 legislation.

Dr. John Logan: There have not been significant changes to the legislation that affect union reporting, but the process can be changed—

Mr. Mark Adler: Thank you. No, thank you, that's what I needed to know.

Dr. John Logan: —significantly through changes to the regulations.

Mr. Mark Adler: Mr. Logan, thank you. That's what I needed to know.

Dr. John Logan: It doesn't require legislation; it requires action by the Department of Labor.

Mr. Mark Adler: Thank you. You're eating up my time here.

Dr. John Logan: It is misleading to say there are no changes to the legislation.

Mr. Mark Adler: Okay.

Mr. Georgetti, I'm glad you're here. You said all the information is available to members of the union if they want to see the financials or want to get a breakdown of how the money is being spent. Is that correct?

• (1720)

Mr. Kenneth V. Georgetti: It's the financials.

Mr. Mark Adler: This proposed private member's bill would simply codify what already exists, according to you, so what's the problem?

Mr. Kenneth V. Georgetti: This legislation would sweep in every labour organization in Canada—not just unions, but every labour organization, including all of my labour councils. I have 136 labour councils, all run by volunteers. Most of their budgets are less than \$1,000 to \$1,500 a year. This will sweep all of them into this legislation.

It's not the same as the regulations in the labour board, which say that union members, with their unions, can get this information. This legislation sweeps everybody in. As well, it doesn't just ask for financials; it asks for exclusive, very highly detailed reporting that we think will cost us tens of millions of dollars as organizations across the country, and more.

Mr. Mark Adler: If we were to strip away the other provisions in the private member's bill and codify what exists right now, is that something you'd be happy with?

Mr. Kenneth V. Georgetti: Sir, you already have it in the federal labour code. Under federal jurisdiction, that law already exists.

Mr. Mark Adler: It does.

Mr. Kenneth V. Georgetti: Yes.

Mr. Mark Adler: Okay.

France, which is hardly a far right-wing country, has had its fair share of social democratic governments. They have legislation that is very similar to this.

If it's okay for France, which is a social democratic country and is governed by social democrats, and if the U.S. has such legislation that makes it transparent, why can't we here in Canada just be entitled to the same amount of transparency?

Is there something to hide? Please enlighten me.

Mr. Kenneth V. Georgetti: Sir, this bill is not about transparency. We don't have a problem with transparency. Our members, who own these organizations, have access to that information—monthly, as was stated by another member. They have it every month, if they want to come to meetings. They can come to their annual conventions. They have access to the financials of their unions now.

What this private member's bill is talking about is far more detailed reporting that, as was said by John Logan and others, will give our adversaries—people who are out to destroy us—information to use against us.

It's not for our members. Our members get it now.

Mr. Mark Adler: Well, what about—

The Chair: You have time for a brief question.

Mr. Mark Adler: —as Ms. Glover mentioned, the \$350,000 given to the NDP in violation of Elections Canada law? That would have been highlighted in detailed financial statements that would have been provided for in this legislation.

This \$350,000 wasn't.... The NDP was caught not because you volunteered the information—

The Chair: We're over time, Mr. Adler. What is your question?

Mr. Mark Adler: So, I mean, that would help you.

The Chair: Do you have a very brief response, Mr. Georgetti?

Mr. Kenneth V. Georgetti: I don't know what the question is.

The Chair: Okay. Thank you.

We'll move on now.

[Translation]

Mr. Boulерice, you have five minutes.

Mr. Alexandre Boulерice: Thank you very much, Mr. Chair.

I am pleased to hear my colleagues opposite say that this is a private member's bill. The parliamentary secretary to the Minister of Transport, Infrastructure and Communities must be confused because he always presents it as a Conservative bill. He has done so repeatedly.

I think we have to stress the fact that, kind of like the Canadian Bar Association wrote in its document, this is potentially a very expensive solution to the problem... Actually, we do not fully understand the problem that needs to be solved. I have to stress that: there were six complaints in a year for 4.2 million unionized workers. That cannot really be said to be a problem. Are things perfect? No, but it is quite a good percentage, thank you very much. If it were a baseball batting average, it would be very satisfactory, I feel.

Mr. Blakely, you represent middle-class working people, plumbers, electricians. They pay union dues. From now on, their organizations are going to have a very expensive administrative burden on their shoulders, while their people need services from their own unions. What effect will a bill like this have on your members, on the people you represent?

[English]

Mr. Robert Blakely: Well, if you look at our organization, we're an international union. We do not report in the United States, as was suggested earlier. In Canada we are not required to report under the American legislation, but we do get information from our American colleagues.

They tell us—and we've confirmed this with the professionals who do our accounting, the actuarial benefit consulting, and that sort of thing—that this bill will add 20% to the cost of the administration of the union. It will require the \$1 billion pension fund to file a report the size of a large city's phone book. It will take money away from our ability to service people, take money away from our ability to provide pensions, take money away from our ability to look after kids' teeth, so we're opposed to this sort of reporting.

We are not opposed to transparency. We are completely transparent to our members; we do not think we need to be transparent to the merit shop.

• (1725)

[Translation]

Mr. Alexandre Boulerice: Thank you very much, Mr. Blakely. I think that was clear and transparent enough.

I would like to ask Mr. Logan a question if he can hear me alright.

[English]

Dr. John Logan: I do.

[Translation]

Mr. Alexandre Boulerice: A little earlier, you said how much it costs the American government, \$6.5 million, in fact, to handle all the information submitted by the unions. As I understand it, we are talking about much the same number of organizations here in Canada, that would be required to fill in forms that ask for much more information than the Americans are asking for.

Can we assume that it could cost the Canada Revenue Agency an equivalent amount to that \$6.5 million?

[English]

Dr. John Logan: Well, yes, and in addition to that, in Canada you have the costs of establishing this division in the first place. It will be an entirely new and complex layer of government bureaucracy. You have the costs of training union officers, who are completely unfamiliar with these forms, whereas in the U.S. we have many decades of experience with similar forms.

In addition, as I said before, the forms that the Canadian bill is based on are the most complex ones in the United States, which apply only to organizations with revenues of over \$250,000 per year. For smaller organizations, we have much simpler forms, but under this bill you do not have that; everyone fills in the same one.

Your bill also covers public unions as well as private unions. Public unions are excluded in the U.S.

All of these suggest that the costs in Canada will be very substantial indeed to the government, both at the national level and at the regional level as well.

In 2003, when the Bush administration introduced these new, more complicated forms with the \$5,000 requirement, it claimed at that time that the costs were going to be very slight, but it has turned out, both for government and for unions, to be untrue. From the Department of Labor in the *Federal Register* and from academic studies, we have information that demonstrates that what they said about the costs has not proven to be accurate.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Logan.

[English]

The Chair: *Merci.*

We'll go to Mrs. McLeod, please.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Chair.

I thank the witnesses for the passion they've brought to this discussion.

I want to make a quick comment and then head into some questions. Certainly, as a nurse and a former health care provider, I know that within Interior Health everyone, union and non-union, over a certain threshold had their wages published; I think it was either \$80,000 or \$100,000. I know that it's a typical practice in school boards and health authorities. I don't believe it's ever had any constitutional challenges. I just wanted to fly that.

Here's what I'm really going to ask for. Because I have a whole bunch of questions, I'm going to ask for just a quick yes or no. We'll go around the table for each.

We have different opinions on this bill, and we know that Mr. Hiebert has proposed a number of amendments. Can you say that the amendments will improve the bill if we get the proper language?

First, if we ensure that we avoid publishing home addresses, is that going to improve the bill or not?

Mr. Robert Blakely: Somewhat, but not in terms of the Privacy Act.

Mrs. Cathy McLeod: I need a yes or no, because we have to do this quickly. Mr. Mazzuca?

Mr. Michael Mazzuca: Well, I think I addressed that before. It would in respect...but it would still cause concerns for the privacy question.

Mrs. Cathy McLeod: Mr. Georgetti, yes or no?

Mr. Kenneth V. Georgetti: No.

Mrs. Cathy McLeod: It wouldn't improve the bill?

Mr. Kenneth V. Georgetti: No.

Mrs. Cathy McLeod: Mr. Thomas?

Mr. Gregory Thomas: Again, this is down into the weeds of drafting—

• (1730)

Mrs. Cathy McLeod: The yes or no is not coming very easily.

Voices: Oh, oh!

Mr. Gregory Thomas: —but I think that if you're talking about whether something is going to pass a constitutional test or whether...

Mrs. Cathy McLeod: I'll go to Mr. Logan. I'm sorry. I have a whole bunch.

Mr. Logan?

Dr. John Logan: I'm more focused on the costs and benefits of the bill, so I would say no, but I think it's not the most important issue.

Mrs. Cathy McLeod: Okay—no.

Mr. Kelly?

Mr. Daniel Kelly: Sorry—can you repeat the question?

Voices: Oh, oh!

Mrs. Cathy McLeod: In your opinion, on the amendment proposed by Mr. Hiebert that would ensure home addresses are not published, would that improve the bill?

Mr. Daniel Kelly: Sure. Yes.

Mrs. Cathy McLeod: Okay. Thank you.

The next thing he committed to doing was dealing with that issue around confidentiality of solicitor-client privilege. If his wording in his amendment is proper, is that going to improve the bill?

Can we just do yes or no?

Mr. Robert Blakely: Without seeing the amendment I—

Mrs. Cathy McLeod: The amendment does link it.

Mr. Robert Blakely: If the amendment makes it so that solicitor-client privilege is in fact protected, I would say that's great. Without reading the amendment, I can't tell you if it does or not.

Mrs. Cathy McLeod: I appreciate that.

Mr. Mazzuca?

Mr. Michael Mazzuca: It currently requires disclosure of legal activity. I think that should be excluded.

Mrs. Cathy McLeod: Okay.

Mr. Kenneth V. Georgetti: I agree.

It doesn't just cover solicitor-client privilege. It covers the bills that they send us, even how much lawyers are charging us.

Mr. Robert Blakely: That's privileged.

Mrs. Cathy McLeod: You don't want to get into the weeds, so I'll leave you out.

Mr. Logan, would that improve it?

Dr. John Logan: I think it would require substantial revision and not just—

Mrs. Cathy McLeod: Thank you.

Mr. Kelly?

Mr. Daniel Kelly: I'm sorry, I don't know.

Mrs. Cathy McLeod: One of the other things that he has committed to is having very specific language around the pension, the health-care funds, and the definition of a labour trust. If the amendment is created in a way that addresses the concerns that we've heard commonly, is that going to improve the bill, yes or no?

Mr. Robert Blakely: If it excludes trust funds and excludes reference to the payments that are made to people under trust funds and basically carves trust funds out, yes. Short of that, no.

Mrs. Cathy McLeod: Thank you.

Mr. Michael Mazzuca: Again, I think labour trusts should be exempted from the bill.

Mr. Kenneth V. Georgetti: I think all of those issues need to be exempted from the bill.

Mr. Gregory Thomas: Yes.

Mrs. Cathy McLeod: Mr. Logan?

Dr. John Logan: I think it needs to be exempted, because you're asking labour officials to report on something that they don't even control. On the face of it, it makes no sense.

The Chair: You've got about 45 seconds.

Mrs. Cathy McLeod: Mr. Kelly?

Mr. Daniel Kelly: If the idea would be that the pension contributions and the pension amounts that unions put into employees' pensions are exempt, I actually don't think that would be a helpful change.

Mrs. Cathy McLeod: This is the last question, and I'll direct it to three people.

Is changing "record" to "estimate" any improvement? I'll ask Mr. Blakely, Mr. Mazzuca, and Mr. Georgetti.

Mr. Robert Blakely: No. Whatever "record" or "estimate" is going to be will be determined in some prosecution, so...

Mrs. Cathy McLeod: Thank you.

Mr. Mazzuca, is that of benefit?

Mr. Michael Mazzuca: I don't have a response. I really don't understand how that amendment would work.

Mrs. Cathy McLeod: Thank you.

Mr. Georgetti?

Mr. Kenneth V. Georgetti: I have the same answer.

Mrs. Cathy McLeod: Thank you, Mr. Chair.

The Chair: Thank you, Ms. McLeod.

I realize we're going a few minutes past.

I have a couple of questions and I'll wrap up after that.

Obviously we've been referring to the U.S. legislation, and the issue was raised that there is a difference in threshold. Mr. Logan pointed out some of the differences.

Mr. Blakely, you mentioned quickly some of the differences between the U.S. legislation and the legislation proposed by Mr. Hiebert. Can you go through those again for me?

Mr. Robert Blakely: One is that in the United States the trust funds, pensions, health and welfare, and those sorts of things are excluded.

The Chair: Are there any other differences?

Mr. Robert Blakely: That is the most significant difference.

The Chair: Okay.

Mr. Robert Blakely: There are some other differences, but they're differences without distinction.

The Chair: Okay.

Mr. Mazzuca, I wanted to go to you as well.

I would certainly reinforce the comments by Mr. Dykstra. With regard to those people who oppose the bill, if there's an amendment and they feel the amendment makes the bill better, I would hope they would stay at the table. I'm glad you're willing to do that.

In terms of the impact on pension and benefit plans, can you speak a little more with respect to the definition of labour trust? Have you or your organization done any thinking with respect to what an amendment would look like? Mr. Hiebert has indicated he's open to an amendment on this, but what would that amendment look like and what would it have to address? Can you speak to that?

• (1735)

Mr. Michael Mazzuca: What it would have to address is ensuring that registered pension plans are exempt, health and welfare trusts are exempt, training trust funds are exempt, supplementary unemployment benefits are exempt, and deferred profit-sharing plans are exempt.

Mr. Robert Blakely: Group RRSPs should be exempt as well.

Mr. Michael Mazzuca: Yes, and group RRSPs.

I also mentioned the provincial workers compensation funds. There's such a myriad of funds that are captured by the current definition of trust funds that once we start exempting all of these entities I've started to list—and it's certainly not an exhaustive list—what's the purpose of that definition any longer? Why don't we simply take that definition out and have this simply apply to labour organizations?

The Chair: Are you saying to take the whole definition of labour trust out?

Mr. Michael Mazzuca: I don't understand—

The Chair: Are you saying to take the whole definition of labour trust out because you would need to have so many exemptions to that definition?

Mr. Michael Mazzuca: Correct.

The Chair: Mr. Blakely, would you like to comment?

The Chair: I appreciate that.

I have just one final question, then.

In your brief, Mr. Georgetti, you talk about the Income Tax Act, and obviously the argument Mr. Hiebert is making is that there is a tax benefit there.

Mr. Blakely may not like the legislation; he has indicated that he's a lawyer and a steamfitter, so if it were applied to professional

associations, would they actually see this as fair because it's using the Income Tax Act argument? If a piece of legislation said that, would you be more supportive of that legislation?

Mr. Kenneth V. Georgetti: Mr. Rajotte, we'd have a lot tougher time arguing if it applied to everybody, but the fact that it doesn't makes us very suspicious about the intent of the legislation and the purpose of the legislation.

I don't think the Income Tax Act is the vehicle to be regulating and overseeing the affairs of us or anyone else, but I want to keep on my point.

Other than the fact that we are called unions, we are private organizations owned by our members, who happen to get a tax benefit for their contributions. They have a right to make their own determinations and they don't have to be scrutinized by anyone else. I don't think the CFIB or my friend here, the Canadian Taxpayers Federation, should be scrutinized by anybody but the people who make contributions to their organizations. It's a fundamental principle, and if you go down that road, how far down the road do you go?

As Mr. Blakely said, you've given \$13 billion of tax concessions to business and you haven't created very many jobs. Should you scrutinize that?

A voice: Yes.

Mr. Kenneth V. Georgetti: I think you should, but you don't.

The Chair: Okay, my time is up.

I would agree with the last part. You've been learning from members around the table that you ask the tough question at the end.

I appreciate all of you being here. I want to thank you for—

Mr. Rodger Cuzner: On a point of order—

The Chair: Can I thank our witnesses?

Mr. Rodger Cuzner: Absolutely, yes.

The Chair: We thank our witnesses very much for being here, and also Mr. Logan for joining us. I believe Mr. Kelly has already departed, but thank you so much for your contributions.

Go ahead on a point of order, Mr. Cuzner.

Mr. Rodger Cuzner: Mr. Chairman, you ran a great meeting today, but for the benefit of the committee, my last question to Mr. Kelly wasn't whether he can provide the information that would coincide with the information being looked at through this legislation, but whether he will provide that information. To that end, could I ask the clerk to address a letter to CFIB requesting the information?

The Chair: The committee can make the request of CFIB on your behalf and on all members' behalf, just to clarify that for you.

• (1740)

Mr. Rodger Cuzner: That's great. Thank you.

The Chair: Okay. Thank you all.

The meeting is adjourned.

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