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## **Standing Committee on Finance**

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**EVIDENCE**

**Wednesday, November 7, 2012**

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**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Wednesday, November 7, 2012

• (1530)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call this meeting to order.

This is the 90th meeting of the Standing Committee on Finance. Pursuant to the order of reference of Wednesday, March 14, 2012, we are continuing our study of Bill C-377, An Act to amend the Income Tax Act (requirements for labour organizations).

Colleagues, we have eight individuals who will present to us during this two-hour session.

First of all, we have the Canadian LabourWatch Association. We have the Quebec Employers' Council. We have Leith Wheeler Investment Counsel Ltd. We have Merit Canada. We have the Montreal Economic Institute. We have the Multi-Employer Benefit Plan Council of Canada. We have the Office of the Privacy Commissioner of Canada. We have the United Brotherhood of Carpenters and Joiners of America.

Welcome to all of you. Thank you very much for being with us. As you can see, it's a very full panel today, so I would request that you respect the five-minute maximum time for your opening presentation, and at the end of the last presentation we'll have questions from members.

We will start with Mr. Mortimer.

**Mr. John Mortimer (President, Canadian LabourWatch Association):** Thank you, Mr. Chair.

I would like to present our submission's objectives.

First, we address incorrect statements made by labour leaders and critics of Bill C-377. Our comprehensive submission provides other examples and factual evidence to correct the record.

Second, an existing section of the Income Tax Act addresses when union dues are not deductible. The only interpretations we could find underscore our position: a significant percentage of union dues levied by unions don't qualify for deduction.

Are Canadians forgoing \$1 million, \$100 million, or more in tax revenue?

The bill's specific, detailed line item schedules and its \$5,000 threshold are critical to putting an end to what is going on. If the act was effectively enforced, unionized Canadians would pay less in dues and government tax expenditures would be reduced.

Two prominent union presidents, CAW's Ken Lewenza and CEP's Dave Coles, wrote: "Most jurisdictions in Canada require annual financial statements to be filed by all certified unions, where they can be inspected by the public." This is not true.

Appendix C of our submission contains a one-page table of all 14 tax jurisdictions, based on laws outlined in appendix D. We've spoken with several labour board chairs to confirm that no labour board or any government body anywhere in Canada keeps such statements for public access.

Yes, eight jurisdictions enable actual union members only to ask for a financial statement for their union only. None of the eight entitles dues-paying non-members to any information at all about how their dues are used. These two groups of dues payers are a very distinct subset of who Bill C-377 serves, the Canadian public.

Appendix A contains one gutsy union member's experience at CUPE local meetings and national conventions. He publicly contradicts the internal transparency claims of labour leaders. Appendix D contains accurate facts about the British Columbia cases discussed here last month. Mr. Georgetti's responses to Ms. Glover's questions were simply not accurate. Whether or not members have disclosure is a red herring when it comes to enabling Canadians to assess the full extent of the lack of efficacy of the current tax situation.

This is not the only example. Others include grossly inflated claims about potential compliance costs that are contradicted by actual U.S. experience, unsupportable statements about Canadian privacy law, weak attempts to equate unions with professional associations, and false claims that no U.S. labour trusts must report; some must still report, even after President Obama used executive powers to help some trusts in the United States hide their activities again.

We encourage every member of the finance committee to carefully review our submission and question virtually everything labour leaders and critics are stating when amending this bill.

Regarding the non-deductibility of dues, paragraph 8(5)(c) of the Income Tax Act at its core says that dues are not deductible to the extent levied “for any purpose not directly related to the ordinary operating expenses” of the union.

Our submission quotes from the only CRA documents we could find. They demonstrate that the Income Tax Act has been carefully constructed and consistently interpreted. Even the very limited knowledge we have today about the broad range of expenses for which union dues are levied suggests that hundreds of millions in union dues are deducted and tax revenues forgone when they should not be.

With regard to the public policy problem, no one appears to have the information with which to ensure this section of the act can be properly applied. If unionized Canadians even know this, it is not in their interests to bring to the surface labour organization expenses that do not meet the act's requirements, because their taxes might go up if their union does not stop spending forced dues on non-qualifying purposes.

Similarly, tax-exempt labour organizations that levy dues for non-qualifying purposes have no interest in advising government or the people they represent of non-qualifying dues. Something has to be done to ensure that union dues for deductible versus non-deductible purposes become a part of labour organization accounting and separated out of the T4 slips of Canadians who must pay dues or be fired.

Paragraph 8(5)(c) is entirely consistent with the Rand formula. Supreme Court Justice Rand's 1946 arbitration award has a core finding: all unionized employees, whether or not they are actual union members,

...should be required to shoulder their portion of the burden of expense for administering the law of their employment, the union contract.

What is going on today with billions of dollars in dues deducted annually is inconsistent with the act and inconsistent with Justice Rand.

Finally, the union corruption experiences of countries such as America and Germany have led to disclosure schemes that have returned massive amounts of money and led to a cleanup of unions.

• (1535)

All Canadians, including unionized Canadians, deserve better than the status quo.

Thank you.

**The Chair:** Thank you very much for your presentation.

[*Translation*]

The floor now goes to the Quebec Employers' Council. Ms. Kozhaya, you have five minutes.

**Ms. Norma Kozhaya (Director of Research and Chief Economist, Quebec Employers' Council):** Thank you.

My name is Norma Kozhaya and I am the Chief Economist at the Quebec Employers' Council. The Council wishes to thank the Standing Committee on Finance for the opportunity to comment on Bill C-377.

Let me say from the outset that the Council welcomes the bill, which, in the interests of transparency, requires unions to release their financial statements and disclose how they spend dues collected from their members.

As the representative of Quebec's employers, the Employers Council has already spoken several times in favour of these kinds of changes. It believes it is completely appropriate that the amount of dues that workers are required to pay to their union under the Rand formula be made public, as well as the manner in which they are used. There are significant tax advantages associated with those dues.

A 2012 survey conducted for the Employers Council itself by Léger Marketing yielded similar results. What they show is that the general public, at 97%, believes that unions should be legally required to provide information on how the dues paid by unionized employees are spent.

The government, public agencies, listed companies and most organizations with large memberships are subject to strict standards requiring the disclosure of financial information. It would make sense for organizations as large as unions to be subject to similar requirements. The current situation generally features a lack of transparency not only for taxpayers and the general public, but also for the unionized workers themselves.

Furthermore, while we support the general approach, we have two specific comments. We are wondering, for instance, whether some simplifications can be made. As you may now, the Quebec Employers' Council has constantly been advocating for reducing the regulatory and administrative burden. In line with that, we are wondering, for example, whether some items could be grouped to make those simplifications possible.

However, the breakdown of expenses as to whether or not they are related to labour relations is particularly interesting and important; the Employers Council considers this to be a key aspect of the bill. That distinction should not be a real problem. Certain criteria could even be developed to make it easier to carry out. In a number of countries, this distinction is already being made.

Some union leaders and others claim that the new requirements greatly complicate matters. In the opinion of a number of experts consulted, appropriate coding and systematic expenditure accounting could make the task easier and would not generate additional costs, at least in the medium term. However, as I said earlier, there could be a way to simplify certain requirements.

In response to those who would argue that employer associations are not subject to the requirements introduced by the bill, the Employers Council states that, as an employer organization, unlike union organizations, it is funded mainly by voluntary contributions from its member associations and businesses.

The Employers Council's financial statements are audited annually by an external auditing firm and presented to the board of directors. In addition, any member dissatisfied with how the contributions are used may withdraw from the association at any time and no longer contribute to the organization. Unfortunately, such a decision is unavailable to a worker in a unionized workplace.

While this bill does require the disclosure of several details regarding how union dues are used, it of course does not contain any requirement to justify these expenditures. According to the Employers Council, additional measures are needed to give more power to workers and greater legitimacy to union activity. While the Quebec Employers' Council understands the reasoning behind the Rand formula, it believes that labour associations should be legally required to use all funds collected on a mandatory basis solely for labour relations purposes.

To conclude, we believe that this bill corrects an existing anomaly and that it has the advantage of harmonizing and clarifying requirements.

Thank you.

• (1540)

[English]

**The Chair:** *Merci beaucoup pour votre présentation.*

We'll now hear from Mr. Watson, please.

**Mr. Neil Watson (Portfolio Manager, Senior Partner, Leith Wheeler Investment Counsel Ltd.):** Thank you for allowing Leith Wheeler Investment Counsel the opportunity to present before the committee.

Leith Wheeler Investment Counsel Ltd. is an employee-owned investment firm managing over \$11 billion in investment portfolios on behalf of our clients. Approximately 10% of these portfolios are managed for individual high net worth clients, and 90% of the assets are managed for institutional clients. Institutionally, we manage portfolios for foundations, endowments, corporations, and first nation clients, as well as for pension trust funds and health and welfare trusts. Many of the pension and benefit plans that we manage portfolios for are associated with labour organizations, but others are not.

As an investment manager, we support disclosure of information. Without adequate information about the companies or securities we're investing in, we would be unable to assess the merits of an investment. From our perspective, the intent of Bill C-377, to provide improved disclosure of information, is understandable. Our concern, though, is that if this bill is enacted, any potential benefits from the legislation would be more than offset by negative unintended consequences.

Pension plans and health and welfare trusts have had a difficult time over the last few years. Liabilities have increased due to declining interest rates and increased life expectancy, while equity markets have not kept up with the growth in liabilities. According to Mercer, the solvency position of Canadian pension plans stood at 80% on September 30, 2012. Benefit trusts are grappling with similar issues and rising health care costs.

Our experience has been that the trustees of pension and health and welfare trust funds have been extremely diligent in carrying out their fiduciary duty to the members of their plans. This has included controlling the cost of the plan. Without this prudent stewardship, we believe the trust fund insolvency position would be worse.

It is in the interests of all Canadians to ensure that everyone has a decent pension. I'm sure that Mr. Hiebert and the members of the committee share this objective. However, we believe one of the unintended consequences of Bill C-377 is that the costs of compliance with this proposed piece of legislation will significantly increase the costs of any pension or benefit plan that has any members who are part of a labour organization. This is a significant part of the workforce who will be affected. This will result either in reduced pensions or benefits for members of the affected plan or in the employer or employee making increased contributions.

If increased costs negatively impact the solvency position of these plans, this could threaten their existence, increasing the demand on government and ultimately the Canadian taxpayer to fill the gap. This is not a desirable result.

It also results in inequality, as other pension and benefit plans, sometimes with the same employer, would not be subject to these costs. This seems very unfair to us. Pension and benefit plans are already subject to a significant amount of disclosure, while the trustees have a legal fiduciary obligation to operate the plan in the best interests of the beneficiaries. They currently must file annual financial statements with the CRA and are also subject to regulation and disclosure under federal and provincial legislation. We do not believe the additional disclosure contemplated under the proposed legislation is necessary.

The public listing of the purchase and sale of securities within a portfolio could also negatively impact the competitive advantage of investment managers and cause certain investment managers to refrain from managing assets associated with labour organizations. We're happy to, and we do, provide regulators, trustees, independent consultants, and auditors with any of the information they require.

In summary, we believe the unintended consequences of the proposed legislation outweigh the benefits, and we request that the legislation be withdrawn.

Thank you for listening to our submission.

• (1545)

**The Chair:** Thank you very much for your presentation.

We'll hear now from Merit Canada, please.

**Mr. Terrance Oakey (President, Merit Canada):** Thank you, Mr. Chairman, for the opportunity to appear today on Bill C-377.

Merit Canada is the national voice of Canada's eight provincial open shop construction associations, a sector that represents approximately 70% of the construction in Canada annually. We advocate for employee choice and open and free competition among construction companies, free from government policy that favours one type of firm over another.

Our 3,500 member companies, which employ over 60,000 workers, strongly support this bill.

It is important to clarify what Bill C-377 does and does not do. Labour organizations will continue to benefit from the forced contribution of unionized workers. The bill also does not dictate how labour organizations can spend the money that they collect.

Instead, Bill C-377 is simply about transparency requirements that fall upon entities that enjoy the public trust and will allow Canada to catch up with other advanced economies when it comes to financial disclosure. This is important for two primary reasons.

First is the union funding model itself, which is protected in law and delivers over \$4.5 billion annually to labour organizations in Canada. If you work in a unionized workplace, you are required by law to pay dues. If you refuse, you are fired. This taxation power alone should be reason enough to require enhanced transparency.

The workers forced to make these contributions deserve to know how their money is being spent, as do members of the general public who subsidize this revenue through the tax system.

If you are looking for support for these measures, look no further than the former head of the AFL-CIO—which is the largest labour organization in the United States—George Meany, who testified at the U.S. Senate union disclosure hearings. I quote:

All of these [transparency] bills are based on...the *goldfish bowl* theory, the concept that reporting and public disclosure of union finances...will *either eliminate or tend to discourage the abuses*.... The AFL-CIO firmly believes this theory to be sound.

I would encourage the unions that appear here today, and also that have appeared in the past, to heed those words.

There are countless examples of labour organizations funding initiatives contrary to the interests of their members. These include campaigns against the oil sands and pipeline projects, support for the Quebec student protest, organizations seeking to shut down all nuclear reactors, and of course the most famous example, PSAC's support for the Parti Québécois.

Given these examples, it should come as no surprise that a Nanos poll recently found that 86% of unionized Canadians support greater transparency for labour organizations, so when labour leaders appear before you to oppose this bill, they are not representing the views of unionized Canadians.

Second, labour organizations receive over \$400 million every year in tax benefits, as union dues are tax deductible and all revenues are tax exempt. These tax-exempt funds, which are drawn from mandatory dues, are then funnelled into a wide range of causes, many of which have nothing to do with the collective bargaining process. Canadians have the right to know how their tax dollars are being used to influence public policy since, unlike charities, no constraints are put on the political activities of labour organizations.

For example, the president of the Communications, Energy and Paperworkers Union of Canada stated, after the vote to merge his union with the CAW, "Can you imagine what it will mean to the CEP, the CAW when we're the first unionized party that governs a country?"

I think Canadians deserve to know how the so-called superunion plans to use the hundreds of millions of dollars at its disposal to achieve that end. Labour organizations, quite frankly, enjoy a more

privileged position in our society and economy than any other entity, yet they have no public reporting requirements, unlike charities; publicly traded companies; federal, provincial, and municipal governments; government agencies; boards; crown corporations; first nations bands; foundations; political parties; and MPs, senators, and MLA offices.

In opposing Bill C-377, labour leaders suggest that Canada is proposing some new, radical terrain. In reality, Canada is simply catching up with the rest of the developed world. Australia, New Zealand, Germany, France, Ireland, the U.K., and the United States all have some form of financial union disclosure that surpasses what exists in Canada.

Before wrapping up, please let me address three final points. First, our members recognize that there have been legitimate privacy concerns raised about aspects of the bill, and we support amendments that would address those issues.

Second, we oppose any change that would allow union leaders to report aggregate data rather than specific expenditures over \$5,000.

Finally, we oppose any efforts to weaken the fines included in the bill. These reporting requirements are not onerous, and fines ensure compliance.

Thank you again for the opportunity to appear today.

• (1550)

**The Chair:** Thank you for your presentation.

We'll now hear from the Montreal Economic Institute, please.

[*Translation*]

**Mr. Yuri Chassin (Economist, Montreal Economic Institute):** First of all, I would like to thank the Standing Committee on Finance for sending an invitation to the Montreal Economic Institute.

I would like to say a few words about our institute. The Montreal Economic Institute is an organization dedicated to research and economic education. We are an independent, non-partisan and not-for-profit organization. We do not accept any government funding.

A year ago, we published a research paper called *The Financing and Transparency of Unions*, co-authored by Louis Fortin, Michel Kelly-Gagnon and myself.

That is the basis for my presentation today. I will touch on three points. I will start with the general principle, followed by a major distinction concerning professional associations and, finally, I will give you some concrete examples.

First, in terms of the general principle, we support the idea of increased financial transparency of labour organizations on the basis of the general principle that with compulsory financing comes a moral obligation of transparency, contrary to voluntary financing. Only the government can legitimately impose financial obligations on its citizens and that is how it finances public organizations. Private organizations must persuade their clients, associations must attract members and charity organizations must collect donations. That is all done voluntarily.

Unions are the only private organizations that do not rely on voluntary funding. Laws and court decisions grants them powers that are quite unusual. In short, the Rand formula gives them the equivalent of a power to tax. So the general principle seeks to ensure that, in addition to the power to tax, unions demonstrate increased transparency to the public. That is at the heart of Bill C-377.

In terms of unions and professional associations, it is true that, from one angle, the situation of unions is somewhat similar to that of professional associations. For example, to practise medicine, law or other professions, you are required to pay dues to that type of association. However, there is a major difference that should be pointed out. Professional associations are set up by governments to protect the public, whereas unions are set up by their own members to defend their own interests. Professional dues paid to an association are used to finance a service that serves the public interest, whereas union dues finance a private organization that serves the specific interests of its members. That is commendable, but it is not the same thing as a professional association.

Let me give you a few concrete examples. Beyond the general principle, there are concrete problems that Bill C-377 seeks to address. I will give you a few examples.

In December 2010, it was revealed that the *Fraternité inter-provinciale des ouvriers en électricité* had made a loan of \$5 million to Tony Accurso, a construction magnate at the centre of various allegations, found guilty of fraud and formally charged of corruption and breach of trust. It is highly problematic that a union was able to conduct those types of transactions hidden from view.

In September 2011, *Le Devoir* revealed that labour organizations were buying advertising space at the convention of the New Democratic Party, possibly violating political parties financing rules. The NDP has since returned these sums. The interesting point in this matter is that the journalist, Hélène Buzzetti, figured out the existence of those transactions by using publicly available information on the website of the department of labour, in the United States, even though it concerned Canadian labour organizations and a Canadian political party.

The difference is that the United States has higher transparency standards for labour organizations than Canada.

• (1555)

**The Chair:** You have one minute left.

**Mr. Youri Chassin:** The same is true in France, where unions and employers' organizations themselves voluntarily proposed increased financial transparency for their organizations. And the list goes on.

In conclusion, I believe that the logic of the Rand formula does not apply to spending for causes other than those that relate

specifically to labour relations because not all employees benefit and the unions' power to tax is not limited to funding their activities. We have seen that. We have talked about it too, as in the case of support for the student boycott that divided Quebec society last spring.

In other words, I think that the bill before you is in line with the general principle and addresses the specific cases I raised.

Thank you.

[English]

**The Chair:** *Merci beaucoup.*

The next organization I have is the Multi-Employer Benefit Plan Council of Canada, please.

**Mr. Cameron Hunter (Director, Multi-Employer Benefit Plan Council of Canada):** Thank you, Mr. Chair and honourable members of the committee, for the opportunity to address you today.

I'm here representing the Multi-Employer Benefit Plan Council of Canada, a non-profit organization whose mandate is to represent the interests of Canadian multi-employer pension and benefit plans with provincial and federal governments regarding proposed or existing legislation.

The trust funds that MEBCO speaks on behalf of cover well over one million Canadian workers, plus their families. MEBCO's volunteer board of directors is elected from all professions and disciplines involved in multi-employer plans, including union and employer trustees, professional administrators, actuaries, lawyers, accountants, and benefit consultants.

MEBCO has provided a written submission on Bill C-377, which provides the details of our concerns with this bill. We believe that this bill will have a detrimental and unjustified impact on pension and benefit plans. MEBCO believes that the bill goes far beyond its intended objective of transparency and accountability and would impose enormous costs and other implications for many private and public entities doing business in Canada.

The bill proposes to require disclosure of personal information, including personal health, medical, and beneficiary information, which conflicts with the legislation already in place. Further, the bill proposes to duplicate existing financial disclosure requirements applicable to pension and benefit trusts. We fail to see the merit of disclosing any of this information to individuals other than those who participate in the pension or benefit plan. Currently, any such personal information is not disclosed to anyone but the member.

The bill includes a definition of labour trusts that is broad and would capture any benefit fund that has any unionized beneficiaries, including public sector plans and any applicable public or private entity. Pension and benefit plans are already highly regulated and subject to rigid and rigorous privacy standards. They are also subject to extensive disclosure requirements under other provincial and federal legislation, including reporting to the Canada Revenue Agency. These are in addition to stringent fiduciary duties assumed by the pension and benefit plan trustees, which obligate them to act solely in the best interest of the plan and its beneficiaries.

Bill C-377 will create additional and unnecessary red tape for a sector that is already in a difficult state. Existing legislation already ensures that plan members and other stakeholders receive sufficient information and disclosure concerning these plans. The cost of providing this unnecessary information may be significant, depending on the specifics required. No matter what the cost, any expenses related to such reporting takes money away from the purpose of these trusts, which is to provide financial security to workers and their families.

There will also be additional costs incurred by the government to administer these new requirements. I don't have a sense as to the magnitude of these increased governmental costs, but I understand that the provinces have expended significant resources collecting such information.

We also have significant concern about the invasion of privacy for plan members. Disclosure of any transaction in excess of \$5,000 would require trustees to publicly disclose the most personal of information on plan members for payments of pensions, disability benefits, death benefits, drugs, dental benefits, and many other types of benefits. This is just wrong.

Further, these trusts are large and enter into numerous financial transactions daily. Reporting on all financial transactions in excess of \$5,000 would result in voluminous reporting. It also may require the disclosure of confidential business strategies for investment, legal, and financial advisers retained by the trusts. This may impede the ability of such trusts to retain qualified, successful advisers.

Finally, two trusts of the same size and same experience will result in one being subject to the bill and one not, simply because one has union members participating and the other doesn't.

• (1600)

**The Chair:** You have one minute.

**Mr. Cameron Hunter:** Subjecting only one of these trusts to additional costs and disclosure burdens doesn't seem fair.

We understand that Mr. Hiebert suggested that amendments to the bill should be considered for reasons just stated. We believe that all pension and benefit trusts should be exempt from the requirements of Bill C-377. Examples include the obvious trusts: pension, health and welfare, employee life and health trusts, supplemental unemployment, etc.

There are also other organizations that would be subject to the bill, including Helmets to Hardhats, an organization that provides careers in the construction trades for returning veterans, and Effective Reading in Context, whose goal is to enhance literacy skills of

workers. It doesn't seem right to be required to disclose any benefits provided by such organizations.

We believe that many charities will also be subject to the bill, such as United Way, the MS Society of Canada, and the Canadian Diabetes Association. We believe that it's impractical to provide an exhaustive list of all such trusts, corporations, or organizations, and suggest that the best approach to amending Bill C-377 is to simply remove the definition of labour trusts.

**The Chair:** Thank you for your presentation.

I'll now go to Ms. Stoddart, please, the Privacy Commissioner of Canada.

**Ms. Jennifer Stoddart (Privacy Commissioner of Canada, Office of the Privacy Commissioner of Canada):** Thank you very much, honourable members.

Transparency and accountability, we know, are essential features of good governance and critical elements of an effective and robust democracy. However, as the Privacy Commissioner of Canada, I must say that the extent of public disclosure of personal information contemplated in this bill does raise serious privacy concerns.

I understand that Mr. Russ Hiebert, the sponsor of the bill, has already proposed amendments that would mitigate some privacy-intrusive provisions. Excluding recipients of pension and health care benefits and the removal of home addresses from public disclosure, raised by many of the preceding speakers, are steps in the right direction. However, I respectfully submit there remain other privacy concerns with the bill.

[*Translation*]

You have probably already heard about the analysis framework that we use in such situations. Its elements can be summarized by four key questions.

One, is the measure demonstrably necessary to meet a specific need? Two, is it likely to be effective in meeting that need? Three, is the loss of privacy proportional to the need? And four, is there a less privacy-invasive way of achieving the same end?

As I understand it, the need purportedly being met by this bill is greater accountability and transparency of unions. With respect to the first two questions then, it should be noted that labour organizations, whether in the public or private sector, receive funding largely through membership dues.

This bill aims to increase transparency and accountability of unions vis-à-vis their members by requiring detailed disclosure of salaries and other individualized expenses through online posting. However, the bill goes much farther than that by requiring such disclosures also be made to the public at large, which in my humble opinion, oversteps what is needed to achieve its stated objective.



•(1605)

[English]

With respect to the third question about proportionality, I should begin by stating that an individual's remuneration constitutes personal information that cannot be disclosed without the individual's consent. Exceptionally, there are instances in Canada of specific salaries being publicly disclosed when funded directly by the public. Examples include salaries of elected officials and of some high-ranking federal and provincial civil servants. However, to my mind these exceptional cases of public disclosure do not create a clear precedent for labour organizations, given that their accountability is to their members and not to the general public.

Some of the preceding speakers have said that because labour organizations are tax exempt under the Income Tax Act and because membership dues are tax deductible, labour organizations should be subject to a higher degree of public accountability. However, it is not clear that the names, the salaries, and the disbursements above \$5,000 in respect of all labour organization employees and contractors need to be publicly disclosed to achieve this more limited objective. I think this is a significant privacy intrusion, and it seems highly disproportionate.

I'll conclude with the possible alternatives, Mr. Chair.

I believe that limiting the scope of the bill such that public disclosure requirements would apply to a much smaller subset of individuals or would require only aggregate-level reporting would result in a more balanced, yet equally effective, regime. For instance, the registered charities in Canada are required to publicly disclose only high-level salary information for their 10 highest-compensated positions in annual information returns. Even then, only the numbers of positions within specified salary ranges are disclosed.

**The Chair:** You have one minute.

**Ms. Jennifer Stoddart:** I'll conclude with the international level, where legislation in countries such as the United Kingdom and Australia have taken a similarly limited approach to union transparency when it comes to personal information, publicly disclosing the salaries of only a few top union officials. Perhaps we could look at these countries to achieve the objectives of transparency with fewer privacy consequences.

Thank you.

**The Chair:** Thank you very much for your presentation.

The final presentation will be from the United Brotherhood of Carpenters and Joiners of America, please.

**Mr. James E. Smith (Vice-President, Canada, United Brotherhood of Carpenters and Joiners of America):** My name is Jim Smith. I am Canadian vice-president for the United Brotherhood of Carpenters and Joiners of America.

This bill jeopardizes many gains that the government has made in relation to projects we build for you. I would like to explain to you how the construction free market economy works, because you are about to interfere with it.

In the construction sector, upon which your economic action plan hinged, project owners purchase construction. Companies like

Suncor, Bruce Power, Irving, and Nalcor decide to build a project and then let tenders. Union and non-union contractors compete. The most competitive bid gets the job. This is our free market.

Many happily unionized contractors welcome the union in their workplace and see the value proposition in having a unionized workforce.

What gives union contractors a competitive advantage are the well-trained, productive, work-ready, and safe employees we provide. We provide this service at a cost to the union, which this bill will force us to disclose. This bill interferes in the free market because it uses the Parliament of Canada to force us to reveal our contractors' business advantages to their competitors. More than an interference in the free market, Bill C-377 and the onerous costs associated with it, whether it's reporting or compliance, is nothing more than a tax on unionized contractors in order to tip the scales in favour of their non-union competition. Their non-union competition is here today at the table, but our partners, the unionized contractors, have not been invited.

How is this a tax? The dues our members choose to pay come from their paycheques as deductions. They choose to pay this money to belong to the guild rather than going it on their own in the industry. Many non-union workers have exercised their free choice not to belong to the union and not to pay this tax as dues.

The costs associated with compiling, reporting, and revealing our trade secrets to our competition will result in a higher tax on our members or a lesser service to our contractors. In either case, the level playing field is tipped. Our members' salaries are paid for by our contractors, so the tax will be passed along to them. How conservative is that?

Interference in the construction free market is hardly a notion that this government should entertain. Those who speak here today in support of this bill are attempting to use the Parliament of Canada as a tool to get a leg-up on their competition. How conservative is that?

I mentioned that our contractors recognize the value-added propositions that construction unions add to their business. You may wonder what exactly these are. Let me briefly explain.

We spend \$250 million a year on training for our members. This ensures they are the safest, most productive, and most highly skilled workers in the industry. Our unionized contractors require fewer man-hours of work than their open shop contractors. This money comes from dues; it's money the government does not have to spend to train people for employment. We prepare people for the jobs the Government of Canada is creating.

One of the most important value-added benefits we provide to our contractors and to the industries that depend on them is our hiring hall. This is an archaic term that few understand, but in today's world it means that we provide a nationwide infrastructure and membership database that can be accessed by contractors at a moment's notice. We manage the peaks and valleys of employment in our industry so the government doesn't have to.

• (1610)

**The Chair:** You have one minute, please.

**Mr. James E. Smith:** We provide the infrastructure that allows workers to work one week in Newfoundland and as soon as they're laid off, report for a job waiting for them in Fort McMurray. Our contractors see this as an invaluable benefit, and it saves them considerable time and expense.

Our members already know where their dues go. I have copies of our Constitution, and I'll give everyone a copy today.

The agenda is on the inside cover for every monthly meeting that happens at every local in Canada. We call it the order of business. Number 9 is appropriations of money, and number 18 is detailed receipts and expenses. We ask our members for approval to spend, and then we account for the detailed receipts at each meeting.

Every year we collect all these expenses and have them audited by external auditors, which is a requirement of our Constitution. Audited statements are shared with our members. Our Constitution entitles them to this information, and if that is—

**The Chair:** Thank you. I have to be fair with time. I appreciate your presentation.

Colleagues, I'll just indicate we will start with Mr. Boulerice, for the first five minutes, and because of the number of witnesses, could I ask you to direct the question to the witness and allow enough time, obviously, for witnesses to answer within your time?

[*Translation*]

We will begin with Mr. Boulerice.

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

I would like to thank our many witnesses and guests for being here today and delivering such interesting presentations.

This committee has begun to show that this bill contains too many flaws to be passed, that it would cause major collateral damage, and that it even threatens Canada's economic health during these fragile times. This bill is clearly useless, discriminatory, unconstitutional, costly and excessively bureaucratic.

It is useless because unions are accountable first and foremost to their members, and the requirement for transparency already exists. I would point out to everyone that that requirement is in section 110 of the Canada Labour Code.

It is discriminatory because it targets only unions and pension funds and trusts associated with unionized workers, but it does not cover other organizations in our society that benefit from tax advantages granted by the federal government.

It is unconstitutional. Here, I am referring to statements by the Canadian Bar Association, which raised this significant concern last week.

It is costly. Last week, Professor Logan explained to us that, in the United States, dealing with less onerous reporting requirements than those in Mr. Hiebert's bill cost the federal government \$6.5 million.

It is excessively bureaucratic because of the enormous amount of paperwork and the administrative burden that the organizations, trusts and pension funds affected by this bill would have to deal with. This is an example of big government.

That's not all. This bill is also intrusive. It is a threat to privacy and personal information. For example, if a retired union member is collecting pension benefits, his name and address, along with transaction amounts could be disclosed to the public on a website. Information about a firefighter who is disabled due to a work-related accident, including his name, health information, address and income, could be disclosed to the public.

My question is for the Privacy Commissioner.

What impact do you think this bill will have on the private lives of the individuals it is likely to affect? Does it raise serious issues with respect to the Privacy Act?

• (1615)

**Ms. Jennifer Stoddart:** Thank you for the question, sir.

I will answer in light of the fact that amendments were proposed that I believe would diminish privacy infringements.

With respect to other parts of the bill, I think that requiring the names of all individuals earning or receiving more than \$5,000, as well as the amounts they receive, to be published on a website, is a serious breach of privacy. I have pointed out that some countries that are culturally similar to ours have found ways to ensure union transparency while infringing less on privacy.

**Mr. Alexandre Boulerice:** Thank you.

Under this bill, if a union signs a contract for occasional services provided by a private company, that information will have to be disclosed. That raises a number of issues. I do not imagine that members of the Quebec Employers' Council would like their competitive or strategic information to be in the public domain and available to their competitors.

Do we have any legislation in Canada that protects the interests of private companies that do not want the cost of the work they do for or the services they offer to unions under contract to end up in the public domain?

**The Chair:** You have one minute left.

**Ms. Jennifer Stoddart:** Not to my knowledge, but I will get back to you in writing.

**Mr. Alexandre Boulerice:** This situation could cause some serious problems.

I have a question for Mr. Hunter.

How much do you think it would cost your organization to comply with the requirements in Mr. Hiebert's bill? What kind of workload and resources would that involve for you?

[English]

**The Chair:** Okay, is this for Mr. Watson?

**Mr. Alexandre Boulerice:** It's for Mr. Watson or Mr. Hunter.

**The Chair:** Okay. Would one or the other please give a brief response?

**Mr. Neil Watson:** It would be fairly substantial. From our perspective, a lot of these costs would be put at the feet of the various pension plans and benefit plans we manage manifold. I'm sure they would turn around and ask us to provide a lot of that information. In a portfolio, in a year we could do well over 1,000 transactions, and we have maybe 150-odd portfolios we're producing information for that would be over \$5,000. Our best guess is that we would probably have to add some people to our organization and probably look at some capital expenditures, but that's just one of the costs.

I think the other cost that is significant is on the portfolio side. Portfolio information is basically our proprietary information within our business. Putting it onto a public website could impact our ability to buy or sell stocks and could affect the investment returns.

**The Chair:** Thank you. *Merci.*

We'll go now to Ms. McLeod, please.

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

Thank you to all the witnesses.

I want to start by noting that the proponent of the bill, Mr. Hiebert, has indicated he intends to put forward amendments regarding some of the issues that were raised today, especially in terms of the pension and health care funds, etc. I think those amendments, hopefully, will deal with a number of the concerns and issues that were raised.

I have a number of what I hope will be fairly quick questions.

Ms. Stoddart, I was involved in health care before. I certainly recall that everyone who earned over a certain level of wages went on a list that was published on the Internet. There were nurses on it. There were X-ray technicians. It was just part of the routine disclosure of compensation. I believe the school boards and a number of different organizations did that. Certainly there don't seem to be the same concerns provincially that you have federally.

• (1620)

**Ms. Jennifer Stoddart:** Thank you for that example, honourable member. That is the custom in some provinces, or it's the law in some provinces. One way, I think, to further amend this bill would be to raise the threshold. I don't think anybody really has a salary of \$5,000 these days, but it could be raised to include just the top earners. That seems to happen in other countries.

**Mrs. Cathy McLeod:** Thank you.

Mr. Chassin, I noted your one point with interest, because I know at the last meeting there were some fairly articulate arguments about why it wouldn't apply to professional associations if it applied to unions. I thought your point about having to do that because it's part of the criteria, in terms of public protection, was certainly a different argument that has come forward.

I think it's line 141 in the Income Tax Act. Are there any other groups that have the benefit, that don't fit into one of those two categories, that you are aware of, such as nurses' associations, for which of course it is mandatory, in terms of protecting the public?

[Translation]

**Mr. Youri Chassin:** The unions' advantage is that they have a virtual power to tax. To my knowledge, no other private organization has such a power. Professional associations are a good example of public organizations that serve the public interest. They collect compulsory dues from their members.

Unions, however, are private organizations funded by member contributions that exist to defend their members. That is the difference.

To my knowledge, no other private organization of that nature has access to compulsory financing.

[English]

**Mrs. Cathy McLeod:** As a former nurse, I know that my BC Nurses' Union dues were tax deductible, but so were my association dues. You articulate that they're for very different roles and purposes. Is that right?

[Translation]

**Mr. Youri Chassin:** That's right.

[English]

**Mrs. Cathy McLeod:** Thank you.

For my next question I will go to Mr. Mortimer.

For starters, of course, the Income Tax Act is a massive document. You made some comments that there was a section of the Income Tax Act that you thought should apply in a different kind of way. Can you talk a little bit more about that section of the act and how you interpreted it?

**Mr. John Mortimer:** Yes, it's paragraph 8(5)(c). The key words, if you read through the various clauses, are that dues are not deductible to the extent levied "for any purpose not directly related to the ordinary operating expenses" of the union. In that section of our submission we refer to the different CRA policies and interpretation bulletins. We quote directly from them. In some instances, CRA has held that dues that were deducted by unions and spent on certain things were not lawfully deducted. They said they could not levy dues and set them up to be deducted by the taxpayer.

My question is whether union dues deducted for funding student protests in Quebec are an ordinary operating expense of a union. What you see in the limited rulings that are there, I think, is that would fail that test. I think there is a lot of money right now that would fail that test, but neither CRA nor the public have the information to change the situation.

**Mrs. Cathy McLeod:** Thank you.

**The Chair:** Thank you, Ms. McLeod.

Mr. Cuzner, go ahead, please, for your round.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Thank you very much, Mr. Chair.

Thank you all for being here today.

There are a couple of take-your-child-to-school guys here today. We want to give them a shout here. I'm sure they were wishing they were back at school right now.

**Some voices:** Oh, oh!

**Mr. Rodger Cuzner:** The proponents of the bill like to say that we ask this of charities, so why can't we ask it of unions? I want to hold this up. It's a filing from one of the largest charities in the country. It's Alberta Health Services. They have the highest revenue of all charities in the country, one of the highest number of employees, and their filing is 11 pages thick. CRA has over 300 employees, and it costs \$33 million a year to administer the charities program, so that would give you an indication as to where we are.

This bad boy here is two-sided print, and in one language, English. This is from the United Steelworkers of America. It files 715 pages for its filing, which is very close to what we're asking organized unions in Canada to file. That's what we're asking them to file. In the U.S., at the Office of Labor-Management Standards, it costs them \$41.3 million a year to administer. They have 249 people on staff.

I'm going to put forward two motions at the end of the meeting here, one with regard to calling CRA in to give us its estimates for what it's going to cost taxpayers. We're also going to ask the Parliamentary Budget Officer to give his.

Do you see the merit in having those people in to tell us what it's going to cost?

Mr. Chassin, your organization is big on education. Do you think that's a wise move?

• (1625)

[Translation]

**Mr. Youri Chassin:** That's a good question, but I am not sure I can answer. I cannot speak to the technical details of the law, nor to what it might represent in terms of a regulatory burden, except maybe—

[English]

**Mr. Rodger Cuzner:** But you advocate education. Would it not be smart to try to be educated by the people who have to administer it? It's just that basic principle, to be educated by the people who are going to administer the actual laws.

[Translation]

**Mr. Youri Chassin:** To me, asking for the information is not a problem. The problem—

[English]

**Mr. Rodger Cuzner:** There's nothing wrong with that.

[Translation]

**Mr. Youri Chassin:** The question is about the administrative burden. You have shown that. I think we can agree.

[English]

**Mr. Rodger Cuzner:** Yes.

[Translation]

**Mr. Youri Chassin:** As for disclosure of financial statements, the burden should be very light because unions already supply that information to their members in several provinces.

[English]

**Mr. Rodger Cuzner:** It's not the same information, but that's okay.

This question is for the Quebec Employers' Council and Ms. Kozhaya.

The reference has been made about the laws in the U.K. and the U.S. The U.K. has disclosure for employer associations as well. Are you suggesting that we amend it to include employer associations?

[Translation]

**Ms. Norma Kozhaya:** As I said earlier, our revenue is from voluntary contributions. I think that if our members are not happy about the way we are using that money—

[English]

**Mr. Rodger Cuzner:** There's no tax deduction. Is there a tax benefit?

[Translation]

**Ms. Norma Kozhaya:** Yes, there is, just like for other associations, but it is not the same thing. These contributions are voluntary.

[English]

**Mr. Rodger Cuzner:** Okay, but in the spirit of collegiality and in the spirit that you're advocating for this, would you be willing to share that with the committee? Would you be willing to share what's being asked of the unions?

[Translation]

**Ms. Norma Kozhaya:** If we had to comply with a Rand-type formula, like unions do, we would feel obligated to disclose our financial statements.

[English]

**The Chair:** Okay, you have one minute.

[Translation]

**Ms. Norma Kozhaya:** But that is not currently the case.

[English]

**The Chair:** You have one minute.

**Mr. Rodger Cuzner:** It's one minute? Okay.

LabourWatch, you have on your website that you advocate for employees.

Have you ever fought for better wages for employees?

**Voices:** Oh, oh!

**The Chair:** Order. Order.

**Mr. Rodger Cuzner:** I'm going to say no.

Do you consider 37 complaints a major number? I've had more complaints about a \$16 glass of orange juice.

**Mr. John Mortimer:** We helped two federal government workers who were unlawfully taken to court by the union, and the Supreme Court of Canada turned the union down for its conduct. They took forced union dues and took people to court when there was a 100-year-old common law principle.

The union had a legal opinion. Nycole Turmel was president of the union. She had a legal opinion that she couldn't take her people to court, and they went ahead and did it anyway when she was president of PSAC.

**Mr. Rodger Cuzner:** Have you ever advocated for workplace safety? I ask because you say you advocate for employees.

**The Chair:** Give just a brief response, please.

**Mr. John Mortimer:** It's not for employees. In my capacities as an employer, absolutely I've advocated for health and safety.

**The Chair:** Okay, thank you.

Thank you, Mr. Cuzner.

Mr. Van Kesteren, go ahead, please.

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

Thank you all for appearing before us today.

I heard the word "Rand". I'm sure the folks at home and anybody listening here are going to hear a lot of these terminologies. Of course, "Rand" refers to Justice Rand.

Mr. Mortimer, could you inform this committee, and possibly those who wonder about those things, if Justice Rand envisioned a Canada where labour unions spent millions on partisan politics?

**Mr. John Mortimer:** He did not.

The Rand formula decision is in our submission, in both languages. What's interesting is that he also said that it wasn't the right thing for all unions. He ordered this because of a problematic, dysfunctional union that needed money to mature. He said other unions would be negatively affected if they were awarded forced union dues. It's right in Justice Rand's ruling. What the Rand formula has become is not what Justice Rand intended.

• (1630)

**Mr. Dave Van Kesteren:** Okay, thank you.

Mr. Hunter—and I could put the question to Mr. Watson as well—we understand that you manage the funds for pensions. It's pretty well known, although maybe not throughout the general public, that in cases such as CP or Air Canada, the federal government is responsible for those pensions; otherwise, it's the responsibility of provinces. Probably a lot of people don't realize that when General Motors was bailed out in 2009 for, I believe, \$8 billion, that money went to pensions and to legacy funds, to health responsibilities.

If that's the case, and if governments are on the hook for public pensions, doesn't the argument regarding pensions beg for more transparency rather than less transparency?

**Mr. Cameron Hunter:** I'm fully supportive of transparency. What I'm not fully supportive of, and MEBCO is not fully supportive of, is public disclosure of private information.

The concern we have is over the extent of the disclosure required of pension, health and welfare, and other types of benefit plans. Personal, private information would be being publicly disclosed.

**Mr. Dave Van Kesteren:** I want to go back to Mr. Mortimer again.

We've heard the argument that professional organizations should be included in this transparency bill, as they receive similar tax benefits. Could you explain why this might make sense, or why not?

Maybe we could ask Ms. Kozhaya, as well, to answer the question.

**Mr. John Mortimer:** Well, I don't want to repeat what the Montreal Economic Institute has already articulated.

I've been studying professional associations, and there's an incredible breadth and complexity. There are a lot of differences in how they're structured. I don't know that there's a professional association in this country that wants to be called a union. When you read the academic literature, that's one of the things it talks about. They are very different entities that serve a regulatory or quasi-regulatory purpose.

The UFCW doesn't make sure how a grocery store worker stocks employees, but the Law Society focuses on how a lawyer practises law. They're very different organizations. The bar associations do the political stuff, the non-regulatory stuff.

Those are the important differences.

**Mr. Dave Van Kesteren:** Ms. Kozhaya, did you have anything to add to that?

[*Translation*]

**Ms. Norma Kozhaya:** The main difference is the mission and goal of the two types of organizations.

[*English*]

**Mr. Dave Van Kesteren:** Mr. Oakey, the limit for reporting transactions under the bill is \$5,000, and anything less is not itemized. Do you believe that this is an appropriate level of disclosure, or should it be lower?

**Mr. Terrance Oakey:** I think it creates a level playing field between labour organizations that currently operate in Canada that have to report in the United States and those that currently operate in Canada and don't have to report to their international affiliates. I think Merit Canada would support a lowering of that threshold. I think the reason the threshold is set at \$5,000 is to create that level playing field between the two types of unions that operate in Canada.

However, I think the U.S. example shows us that there are a lot of \$4,999 transactions that go on, and I do understand, through some of the conversations I've had with people around Washington at the time of the reforms, that it was a compromise between Congress and the White House.

I think ultimately some were pushing for all transactions. It would have been much easier for unions to comply. They would have just dumped their ledger into the government form, as opposed to having to categorize them as above \$5,000 or below \$5,000, so there are actually some administrative arguments that there shouldn't be a threshold and that it should be all transactions.

**The Chair:** Thank you, and thank you, Mr. Van Kesteren.

Ms. Nash is next, please.

**Ms. Peggy Nash (Parkdale—High Park, NDP):** Thank you, Mr. Chair, and thank you to the witnesses for being here today.

I just want to clarify for the witnesses and for anybody watching the testimony today that we have not received any amendments on this bill, or even any written notice of amendments, so we are dealing with the bill as Mr. Hiebert has introduced it. While many witnesses have indicated that they understand there are amendments, we have not seen notice of amendments or seen actual amendments to this bill.

The goal that we understand with the bill is one of transparency. It is ironic that the government is putting forward a bill on transparency when the Parliamentary Budget Officer is indicating he may well have to go to court to get transparency and financial information from this government.

Nevertheless, we're dealing with this bill. It concerns union members, and contrary to what some have said, which is that unions are not voluntary organizations, I want to make the point that they are voluntary organizations and that individuals can choose not to become members. However, because they get the benefits of the union, under the Rand formula they are still required to pay dues. The group can decide not to belong to the union and to decertify, so it can be a group voluntary decision as to whether or not to join a union, just to correct the record.

Unions, of course, are already required to disclose quite a bit of information. Many file their collective agreements and file financial statements. I notice that many of you may know each other and you're on each other's boards, but I notice, for example, Mr. Oakey, that I don't see the members of your board of directors listed on the website, so I don't know how much disclosure there is there.

Let me turn to Ms. Stoddart.

If the goal is to make unions more accountable to their members, to the individuals who pay dues to the union, can you clarify for us, because of the very serious privacy concerns you have raised with this bill, whether you believe it would be better for the objectives of the bill to provide limited individual reporting, or aggregate reporting? Which would be a better solution, again recognizing we've received no proposed amendments for this bill?

•(1635)

**Ms. Jennifer Stoddart:** Both have advantages, I would say. Certainly aggregate reporting focuses in less on the individual, but as I've said and as another honourable member has mentioned, for certain people in positions of leadership who are recipients of more money or have expense accounts and so on, it has been thought that there could be a threshold that would cover just the high earners.

**Ms. Peggy Nash:** But you have said, and I just want to clarify this point, that having to include the names, salaries, personal information, and any disbursements above \$5,000 is a concern and potentially a privacy violation. Is that what you're saying?

**Ms. Jennifer Stoddart:** I think it would be ideal if you were to say there were six people who earn over this amount in a certain union. I don't think you have to mention them.

I think the members, or indeed the public, because there is that argument about tax expenditures, get an idea of what's happening without knowing what the person makes.

**Ms. Peggy Nash:** Mr. Watson or Mr. Hunter, does it strike you as problematic that this bill could force investment funds to publicly reveal their strategies? Do you think it's inappropriate for landlords or consultants or office equipment suppliers to have their contracts with unions made public? Does it strike you as appropriate that a law would require that?

**The Chair:** Can I get one of you to address that?

Go ahead, Mr. Watson.

**Mr. Neil Watson:** From our perspective, it's extremely problematic. We're basically going to put our investment strategies on a public website. We could be accumulating stocks; people could trade ahead of us, put up the price of the stock, and ultimately lower the investment returns for the pension plans we're managing.

The other thing is that it may deter some investment managers from even bidding on pension plans that are involved with labour organizations. They may choose not to submit a request for proposal simply because that information will be published. It's very problematic.

**The Chair:** Okay, thank you.

Thank you, Ms. Nash.

We'll go to Mr. Adler.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Mr. Chair.

Before I begin, I want to clarify the record. Ms. Nash said just a moment ago that individuals do not have to pay union dues if they're not so inclined. That's not true. All members of a bargaining unit have to pay union dues; they are compulsory. I want to clean up the record on that.

•(1640)

**The Chair:** Okay.

**Ms. Peggy Nash:** I did not say that.

**The Chair:** Order.

Do you have a point of order, Ms. Nash?

**Ms. Peggy Nash:** My point of order is that the member opposite is stating the opposite of what I said. I said that membership was voluntary, but that dues were compulsory.

**The Chair:** Order.

Points of order deal with procedure, so if there's something procedural to raise, that's fine. However, this is a point of debate, and the member can clarify it in a later round.

I'll go back to Mr. Adler.

**Mr. Mark Adler:** Thank you.

Being as objective as I am on this, I want to come to understand a few things. I can understand the purpose of trade unions. Nobody is disputing the fact that trade unions are necessary. Trade unions, like corporations, are legitimate instruments of society, but there is one thing I don't understand. Australia, France, Germany, the U.K., New Zealand, the United States, and even MPs, senators, all levels of government, publicly traded companies, charities, foundations—all these entities have to make public disclosure of how they spend their money.

Help me out here, Mr. Oakey. First, if a public disclosure is good for everybody else, why isn't it good for trade unions? Second, would this legislation restrict trade unions from engaging in the kinds of activity that they engage in right now, such as funding political lobbying and funding groups that are not associated with advancing the interest of workers? Would this bill restrict their ability to do that?

**Mr. Terrance Oakey:** Unfortunately not.

**Mr. Mark Adler:** Okay. So they can still do this?

**Mr. Terrance Oakey:** Yes, they just have to be accountable. They have to be accountable for their political activities and all other activities, because of the generous tax treatment that they receive, and also because of their forced funding model.

Some have said that what's good for them is good for everybody. I say that what is good for them would be great for me. If the Government of Canada were to propose some sort of Rand formula so that every open shop construction company had to be a member of Merit Canada, my revenue would go from a few hundred thousand to potentially billions, just like the trade union movement, and I would happily submit to increased transparency. I actually think it would be my moral obligation to do so, and I wouldn't be here fighting it as they are.

**Mr. Mark Adler:** So if the Public Service Alliance of Canada wanted to support and finance PQ candidates in the provincial election; give \$340,000 to the NDP in violation of the law; pay for the NDP leader's trip out west to denounce the oil sands; take stands criticizing Israel; support the boycott, divestment, and sanctions movement; or call Israel an apartheid state, this legislation would not restrict them from doing that, correct?

**Mr. Terrance Oakey:** Unfortunately not.

**Mr. Mark Adler:** Okay.

Why in heaven's name would they be against it? What have they got to hide?

**Mr. Terrance Oakey:** That's our question.

I've written on this extensively. Just as the head AFL-CIO recently said during the U.S. Senate hearings, this is actually good for unions. He was surprised that unions in France actually work with the government. If you look at what's happening in Australia right now after the horrendous scandal that happened with one of the labour

MPs, who stole close to \$500,000 in union dues off all kinds of activities, unions are working with the government to create disclosure regimes because of the immense tax treatment, and their funding formula needs to be protected. The only way to do that is to ensure that there's increased transparency so that the public trust remains.

**Mr. Mark Adler:** You would think that common sense would tell you that unions should be in favour of something like this to dispel the myths that are out there. The NDP says that they are just myths and that there's no truth to them. You would think that they would want to dispel those myths, right?

• (1645)

**Mr. Terrance Oakey:** I would.

**Mr. Mark Adler:** Yes.

Thank you.

**The Chair:** You have one minute.

**Mr. Mark Adler:** Okay.

Trade unions were formed to counterbalance the power of the employers as a form of collectivity so that there would be more of a balanced approach to labour relations. Here in Canada, the law seems to be that labour relations regulates more the relations between employers and unions than the relations between unions and their members.

**Mr. Terrance Oakey:** I would agree with that.

**Mr. Mark Adler:** Okay, thanks.

**The Chair:** Thank you, Mr. Adler.

[Translation]

Mr. Caron, you have the floor.

**Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP):** Thank you, Mr. Chair.

[English]

For the sake of transparency, I think it might have been interesting, Mr. Mortimer, to mention that you have 15 member associations. Of these 15, six are actually provincial Merit components, *Le Conseil du patronat du Québec*, and the Canadian Federation of Independent Business. Basically, we heard from you and over half of your membership on this bill, obviously all agreeing with each other. It would have been interesting if you had actually mentioned that at the beginning.

[Translation]

I would like to repeat something I said earlier. This bill is three pages long, plus definitions. Mr. Hiebert himself admitted that the number of amendments required to make this bill acceptable would mean not just changing the bill, but completely rewriting it.

So you are talking about a version of the bill that will most likely not be final, if there are amendments. In fact, it needs to be rewritten entirely.

Plus, based on Ms. Stoddart's testimony, it is seriously flawed in terms of privacy. This bill, as written, is a big huge mess even though this is its second incarnation after Bill C-377—the first version—was ruled out of order.

My first question is for Mr. Smith. You mentioned this briefly, but I would like you to give us some more details about the impact of this bill on the ability of unionized contractors to compete with non-unionized contractors, such as members of Merit.

[English]

**Mr. James E. Smith:** Thank you.

This bill, with the reporting that we will be required to do, would show various training programs that we put on for our contractors. We value our contractors, and when they need specialized training, they come to us. We will put it on.

I can assure you it will cost more than \$5,000 to put on training programs for construction workers. That would be a competitive advantage that would be opened up to the Merit contractors, who would see what we're doing and see what our contractors are doing. It's a trade secret or something that's private between our contractors and the union, and that's where it should stay, not in the public domain.

[Translation]

**Mr. Guy Caron:** Are you saying that some supporters of this bill, who are constantly raising the transparency argument, could gain specific strategic advantages?

[English]

**Mr. James E. Smith:** Oh, yes, some might call it a fishing expedition; I would.

[Translation]

**Mr. Guy Caron:** Thank you.

Some of your members are in the United States. During a previous meeting, John Logan, an expert on labour and employment relations in the United States, appeared before us. He said that the law in his country was quite costly for the U.S. government. Even though it covers fewer organizations—only those whose income exceeds \$250,000—administration by the U.S. government costs over \$6.5 million per year. Do you think that Canada will face similar costs if this bill is passed?

[English]

**Mr. James E. Smith:** Yes. I believe the cost would be huge to the Canadian taxpayers.

I have a report, 10 years old, from the Department of Labor in the U.S. It states the cost for the oversight of the reporting that was required in the U.S. I believe the reporting that will be required in Canada will be substantially more than that in the U.S., but 10 years ago it cost the U.S. government \$28 million and took 300 full-time workers to oversee the compliance. That was just to oversee the compliance of the workers in the United States.

There were 13.4 million U.S. union workers for that \$28 million. The Canadian Labour Congress represents 4.2 million Canadian unionized workers, which is about one-third of that. If you were to take one-third of the amount found in that 10-year-old report, which

showed \$28 million, and add inflation into it, that might be part of the cost. The other cost would be the set-up of the programs, the infrastructure to do it; that would be a huge cost.

I think Canadian taxpayers would like to know how much it would cost. I think it would cost more than the gun registry to set up.

● (1650)

**The Chair:** Thank you.

[Translation]

Thank you, Mr. Caron.

[English]

Mr. Hoback, we'll hear you for your round, please.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Mr. Chair. Thank you, witnesses, for being here.

One thing I pride myself on is working on good governance and making sure, being in government, that in any of the organizations I'm involved with, whether parliamentary associations or others, we have proper governance structures and good governance for proper transparency and proper reporting. That's not only beneficial for the people who belong to the organization, but also beneficial for the people who run the organization, so that they have good guidelines to act under and to follow in cases of crisis or in instances where things aren't normal and they have a process to follow through.

Coming from Saskatchewan, I know there's no question about the tie between the NDP and labour. I don't think anybody will question that. In fact, in Saskatchewan there was a convention at which one of the labour organizations was insisting that all of its members become members of the NDP. It's things like this that make me often wonder what organized labour is actually doing.

If it's actually sitting there to represent employees and look after the employees' interests, I understand that, but if they're going to go into social issues and issues that go beyond the scope of the workplace of those employees, I question the involvement. However, I suppose that's up to them.

When I talk to some of the union leaders and members from my riding, they say that they're already consulting with their members, that they're already going through that process, that the members know everything that's going on, that there are no surprises, that there's already a process in place for a member to raise his or her objection.

Mr. Mortimer, with LabourWatch, I'm curious. You're saying, and I'm hearing from some members, that there may be some consultation, but it's always hidden or it's always done in such a way that we never get all the facts, or there's intimidation involved when we raise questions on specific spending by different members.



Can you give us some examples of this? Am I right? Am I wrong?

**Mr. John Mortimer:** You're right. No one is saying that it happens all the time, but a major labourers' local of a construction sector union didn't hold an internal meeting for 15 years. What could those people do about that? When they do question it, they are challenged and intimidated; they can be threatened with being thrown out of the membership.

I disagree with Ms. Nash's assertion that there isn't forced membership in this country. There's only one set of workers in Canada who can't be forced to join a union as a condition of employment—federal government workers. Every other labour code in this country allows the union and employer to force a worker to become a member as a condition of employment.

Therefore, are you going to ask the tough question at the meeting if you could be thrown out of the membership and potentially lose your job? No, you're not. That's one of the fundamental problems, and that's what anonymity...that's what a website does: people can just look it up and know.

**Mr. Randy Hoback:** One of the other questions I bring up with some of the smaller unions is that they're small, perhaps under 500 members. They barbecue together and they're like one big family. Again, they have transparency among themselves and they're all friends and buddies.

Do you think there needs to be an exemption for smaller groups like that?

**Mr. John Mortimer:** Mr. Georgetti said he has 136 labour councils at the Canadian Labour Congress that have financial affairs of \$1,000 to \$1,500. Well, their reports are going to be zero, zero, zero. They're not going to be hard to file.

**Mr. Randy Hoback:** To the Privacy Commissioner, in one of your statements here you question whether that \$5,000 threshold for names, salaries, and disbursements in respect of all labour organizations, employees, and contracts needs to be publicly disclosed or not.

What is your process in deciding whether that passes the smell test or not? What makes you think that \$5,000 is the right number? Should it be \$10,000? What process do you use to come up with the opinion that you've given in this paragraph?

•(1655)

**Ms. Jennifer Stoddart:** Well, I look at how proportional it is, and \$5,000 seems to me, although I'm not an expert in the world of—

**Mr. Randy Hoback:** With regard to proportionality, let's call a spade a spade. If a union shop is dishonest, and if they're going to spend \$4,999 and give it to me and give it to my kid and give it to my other kid and give it to my other kid, are we saying we need something that actually has a threshold that is so much per family, or could it be a threshold of so much per person, so they don't get five cheques of \$4,999?

How do we—

**Ms. Jennifer Stoddart:** Honourable member, I can't speak about alleged wrongdoings. I can only speak about privacy.

If you look at a comparative scale, apart from the United States—and even in the United States the threshold is \$10,000—in terms of

personal information, it might make sense to break out salary, disbursements, and different kinds of benefits, but if everybody whose salary is over \$5,000 gets it published—and that means everybody—that seems to me excessive, with great respect, to attain the objective of transparency.

**Mr. Randy Hoback:** I'm going to go back to Mr. Chassin.

**The Chair:** You have 15 seconds.

**Mr. Randy Hoback:** Mr. Chassin, you say that processing the forms and complying with the regulation will not be as onerous because they're already doing it. Can you elaborate on that?

**The Chair:** Please be very brief.

**Mr. Yuri Chassin:** Obviously if they are required to show those financial statements to their members right now, it shouldn't be that onerous to put one in the form prescribed by a new bill and then disclose it publicly.

**The Chair:** Thank you.

Thank you, Mr. Hoback.

Go ahead, Mr. Marston, please.

**Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP):** Mr. Martin is going first, for a minute, Chair.

**The Chair:** Okay, Mr. Martin, you have five minutes.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Thank you, Mr. Chairman. I appreciate the opportunity. I will just make one brief comment and I only have one question.

First of all, just in the interest of transparency, which seems to be the theme, we should take note that four of the seven presenters here today are so interrelated, sitting on each other's boards of directors, that they really constitute one opinion. It's like one incestuous union-busting daisy chain of opinion here.

**The Chair:** Order.

**Mr. Pat Martin:** I know the history of the Merit shop. I've been dealing with them for years. They're created for the express purpose of busting unions in the construction industry. That's a declaration, to get started.

I'm interested particularly in one comment made by Mr. Smith. It's the cost that we're looking at here. We may be witnessing the genesis of a boondoggle in terms of the complexity of the reporting that is contemplated. Why would we set up this expensive bureaucracy just to further the private commercial interests of the Merit shop contractors, who are the true architects and protagonists of this bill?

It's the sheer amount of time you've spent at the PMO lately, drafting this thing. Mr. Hiebert might be carrying the ball, but it was crafted by a notorious union buster, Terrance Oakey, so why would we want to spend all this money to further the commercial self-interest of one notorious union-buster in that industry?

Mr. Smith, do you have any opinion?

**The Chair:** Go ahead, Mr. Smith.

**Mr. James E. Smith:** Thank you, Mr. Martin.

The proponents of this bill, who are at the table today, have become so sure of themselves that they have confirmed my testimony to you.

Mr. Oakey, from the Merit contractor, is quoted in the spring 2012 edition of the *MeritOpen Mind* magazine as saying, and I quote:

MP Russ Hiebert introduced a Private Member's Bill (C-377) that would require unions to publicly disclose detailed financial information. This will be of particular benefit to the open shop contractor community, as the way unions spend dues will become another factor in the certification process by providing valuable information to employees who are considering joining a union.

What Mr. Oakey is clearly saying, as far as I'm concerned, is that this bill is not about what taxpayers are entitled to and this bill is not about transparency; this bill is all about the intelligence bonanza that the non-union open shop contractors are looking to gain at the cost of the taxpayers of Canada and the competition.

**Mr. Pat Martin:** Thank you, sir.

**The Chair:** Mr. Marston, you have just over two minutes.

**Mr. Wayne Marston:** Okay. Well—

**The Chair:** Order. Order.

**Mr. Pat Martin:** I couldn't—

**The Chair:** Order.

**Mr. Wayne Marston:** It's my turn.

**The Chair:** Mr. Marston, you have just over two minutes, please.

**Mr. Wayne Marston:** Thanks.

Mr. Hoback talked about transparency and being straightforward with things, and I think that's very important. I think Canadians expect that of us.

Beyond the fact that this bill is significantly flawed, we've had witness after witness here talking about who was getting sideswiped by it. Ms. Stoddart spoke of privacy concerns, another area of this bill that's significantly flawed.

Mr. Smith, are you aware that Mr. Oakey of Merit Canada—I want to say that, to be very clear here, because he's one of the people testifying—a direct competitor of your organization, has had unprecedented access to the PMO and other senior Conservatives not only once or twice, but 72 times, and he's met with Conservative MPs, senior staff, dozens of times between October 22 and October 24 alone? After hearing testimony here today, sir, would you say that Merit had the possibility of making significant financial gains if this bill is passed?

●(1700)

**Mr. James E. Smith:** Oh, absolutely. It's a dream come true for the Merit shop.

As to those visits to the PMO, I didn't know the numbers, but I sure know the unions won't get that number.

**Mr. Wayne Marston:** Mr. Hunter, we've had testimony at this committee implying that Bill C-377 would cost the federal government a lot of money—several million dollars, in fact—to put into place and then to carry forward year after year. You've given some pretty clear study to this. You've brought forward your concerns. Your brief is very direct. Do you have any idea of the scale of the costs to the federal government?

**Mr. Cameron Hunter:** Unfortunately, I do not. What I will say is that I practise in the province of Ontario, and about four or five years ago the Ontario government had a commission on pension plans. One of the issues that came out of that was the information collected by the provincial pension regulator and the difficulties in getting information from that. I understand that regulatory body has had to invest substantial sums to deal with the information they collect on those plans.

**The Chair:** Okay, great. Thank you.

Thank you, Mr. Marston.

We'll go to Mr. Jean, please.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** Thank you, Mr. Chair. Thank you to all the witnesses who have come here today.

I have a confession, Mr. Chair, and I apologize. I have not had a chance to meet with Mr. Oakey, but I have met with about nine union bosses in the last week, including Teamsters Canada every couple of weeks over the last five years. I simply want to make that confession here.

**The Chair:** I can't absolve you, Mr. Jean—

**Mr. Brian Jean:** Oh, I'm sorry. I do want to say, too, that I do that because I—

**The Chair:** —but I do appreciate your confession.

**Mr. Brian Jean:** —represent more union members, I think, than everybody else in the place combined. My riding is Fort McMurray—Athabasca. I've lived there 47 years. I've also been a union member, so I want to make that confession here. I have many brothers and sisters, one of whom belongs to the carpenters union in Fort McMurray and has belonged there for 35 years.

I confess all that and hope I get absolved; I hope I can get... I hope you can forgive me.

**The Chair:** It's absolution.

**Mr. Brian Jean:** It's absolution. Thank you. I can't even pronounce it.

Mr. Chair, I find it ironic that only the Canadian government would give a tax break to people to lobby against public policy, such as foundations, in this country. I always found that very interesting indeed.

In this particular case, I sold office supplies and printing to unions. I was a lawyer as well, and I sold those services to union and non-union members. In fact, I printed for Suncor for 15 years and provided office supplies and printing to them. I don't see any way that information being published on a website would be a competitive advantage for anyone. I simply cannot see how it would, and I've been in business for a long, long time.

First of all, Mr. Mortimer, I want to commend you on your testimony. I thought it was excellent. In my past life as a lawyer, when I was representing union members, I found exactly what you found in some of your dialogue here earlier.

**Mr. John Mortimer:** What would you like me to specifically address?

**Mr. Brian Jean:** I'd like you to address how it could be a competitive advantage to have something published on a website. I remember printing memo pads for Suncor that I printed for \$3.77 per 100. Since the quantity and quality won't be published, I don't see how it could be a competitive advantage at all.

**Mr. John Mortimer:** Yes, I don't see it either. I think the point that Mr. Smith is endeavouring to make is that it's a competitive advantage when people who are facing a union organizing campaign could actually have financial information about the organization that you could be compelled to be a member of, could be compelled to pay dues to, and could put them out of work if they went offside of the union boss. Enabling people to have the information to make an informed decision during a union drive, which is something that unionized Canadians clearly say they think they should be entitled to, is quite a concept.

**Mr. Brian Jean:** In fact, from my understanding of the surveys, although I don't have the figures in front of me, the highest percentage of people who want transparency in unions is found in Quebec, but it's well over 80% across the country. Is that correct?

• (1705)

**Mr. John Mortimer:** Yes. It's 86% higher than the union-free Canadians.

**Mr. Brian Jean:** I'm curious about the people who are advocating against this bill. If this particular bill had amendments to exempt information on health trusts and exempt personal information to take care of the privacy concerns, would you support this bill?

This goes to anyone who is advocating against Bill C-377.

Mr. Watson, would you comment?

**Mr. Neil Watson:** My primary concern would be pensions and health and welfare—

**Mr. Brian Jean:** If those issues were taken care of, would you support the bill?

**Mr. Neil Watson:** I don't know whether you'd be getting sufficient reward for the risk.

**Mr. Brian Jean:** My question is whether you would support the bill if those two amendments were made—

**Mr. Neil Watson:** As I say—

**Mr. Brian Jean:** —because those were the only two concerns you brought forward.

**Mr. Neil Watson:** Our concerns are health and welfare benefits plans and pensions plans. As for the rest of it, there are privacy issues and other issues—

**Mr. Brian Jean:** If those issues were taken care of with amendments, would you then support it?

**Mr. Neil Watson:** Possibly.

**Mr. Brian Jean:** Mr. Mortimer, do you find it ironic that Canadians can find out more about Canadian activities in unions from what's published on their websites in the U.S.? I know that was part of your testimony. Do you find it at all ironic that to find out about a union operating in Canada, as a union member or a non-union member still paying dues, I have to go down to the United States? I can find out a lot more than I can in Canada.

**Mr. John Mortimer:** Beyond that is what it proves when you look at the strength of American unions, with 13.5 million people represented, and the amount of money they raise and spend. This idea that unions would disappear off the face of Canada because there's disclosure is belied by the facts in multiple other countries around the world.

**Mr. Brian Jean:** I can assure you that unions are extremely strong in my community. They have a billboard as you go into town saying that this is a union town. There are at least 40 unions up there. We are the economic engine of Canada right now, and we do a very good job supporting the unions. They are very strong. Transparency, frankly, will lead to better unions and better accountability for their members.

**The Chair:** Thank you, Mr. Jean.

We will go now to Ms. Glover, please.

**Mrs. Shelly Glover (Saint Boniface, CPC):** Thank you, Mr. Chair.

Thanks to all the witnesses for being here.

I'm going to ask Mr. Smith to do something for me. I'm not going to ask you a specific long question. I just want you to find in the annual reports you brought with you the exact page on which you list the percentage of dollars from dues you spent on political activities. While you do that, I'll ask the other questions. Then I'll come back to you.

I want to thank the commissioner for being here. I know that you work very hard, Commissioner.

I want to examine the comments you made about the exceptional publicly disclosed salaries. "Exceptional" means that they're an exception. The truth of the matter, as I see it, with regard to funded salaries that come directly from the public is that having them disclosed is more the rule.

I am a police officer, and I'm not a high-ranking police officer. I'm just a patrol sergeant. Then there are sergeants and staff sergeants. We have inspectors and superintendents. I'm not up there. However, hundreds of us have our salaries disclosed at the municipal level. I somewhat take exception to the word "exception", because as my colleague has indicated, this is frequent. Paramedics, firefighters, and police officers—those who are benefiting from public funds—quite frequently see their salaries being public for everyone.

I would ask, because you suggested that you'd be open to a salary level, what that salary level would be. Would it be \$50,000, or \$100,000? If we were to put in place a salary level, what would you suggest it be for disclosure?

**Ms. Jennifer Stoddart:** I think I'd have to think about it. The salary disclosure levels are based on context, from what I can see.

**Mrs. Shelly Glover:** Okay. If you could get back to us with that and look at it, we'd be interested in hearing about that.

[Translation]

Thank you. You talked about the

[English]

Steelworkers AFL-CIO. As Mr. Cuzner did, I just happen to have a copy of the American printout from the Steelworkers AFL-CIO, and in it we have information on Canadian officials, because by law they have to report. I note that the salary and disbursements of the national director for Canada are listed.

Then of great interest to me on this page was the representational activities, which make up 33%. The political activities and lobbying make up 33%, and administration makes up 33%. What was of great interest to me was that when I looked at the rest of the high-level representatives, the Canadian entry was the highest in political activities and lobbying. I flipped through several pages, and political activity and lobbying activity of another vice-president is at 2%; another one is 5%, and another is 1%, but the Canadian has 33%, by far the highest. As a Canadian I'm entitled to know, and I want to know, how much unions are spending.

I'm a union member—I'm on a leave of absence—and I want to know where those dues are going when they concern political activities, so I would ask the commissioner again, why is it that Americans are allowed to have access to all this information, salaries included, and yet they don't have a privacy concern? Why do you think it's a privacy concern here and not there?

• (1710)

**Ms. Jennifer Stoddart:** I think it's clear that Canadians value privacy very much. Our own polling tells us this. Our jurisprudence tells us this. In Canada, we balance privacy against other values.

In the United States, the dominant value is liberty, liberty in one of its variations, such as freedom of expression. Americans do not have the privacy rights that Canadians have. Indeed, they have no commercial privacy law.

**Mrs. Shelly Glover:** Right, but that's completely different from this.

**Ms. Jennifer Stoddart:** I'm speaking to the honourable member about a culture that is very different along this path—

**Mrs. Shelly Glover:** Commissioner, I have to interrupt you because I have to let Mr. Smith answer this question. I understand you want to continue on another issue, and I appreciate that, but I do want....

Mr. Smith, what page is that on?

**Mr. James E. Smith:** I don't have anything here with me.

**Mrs. Shelly Glover:** It's not in your annual report? You said earlier that everything is readily available and you brought us all

copies, yet this bill is dealing specifically with wanting to see how much is spent on lobbying and political activities.

I can tell you that I get phone calls in my office from people saying they're so glad I'm not flying first class on their dollar. I'll tell you, that fellow across the way who attacked Mr. Oakey sits in first class every time, and taxpayers are phoning me about him too. I want them to compare us. I want them to know that taxpayers' dollars are valuable—

**The Chair:** Okay.

**Mrs. Shelly Glover:** —so I'm surprised you don't have it, sir. If you could get it for me, I'd appreciate it.

**The Chair:** Can you get that for us, Mr. Smith?

**Mr. James E. Smith:** Can I answer the question?

**The Chair:** You can, but very briefly, please.

**Mr. James E. Smith:** I pointed out in my presentation that there are two sections in this book I'm going to give you: one, we've got to get the approval of our members to spend the money; two, we've got to report back. That's in there and that's what we live by.

**The Chair:** Thank you, and thank you, Ms. Glover.

*Monsieur Boulerice, vous disposez de cinq minutes.*

[Translation]

**Mr. Alexandre Boulerice:** Thank you, Mr. Chair.

We are learning all kinds of fascinating things this afternoon. I would like to thank the witnesses and our colleagues opposite. I was a little surprised to hear Ms. Glover say that the purpose of the bill is to find out how much unions are spending on political activity and social campaigns. I thought that this was a bill about transparency.

My question is for all eight witnesses.

[English]

**The Chair:** Go ahead, Ms. Glover.

**Mrs. Shelly Glover:** I'm just confused, Chair. I believe the round is finished, so I'm wondering why Mr. Boulerice is starting a new round—

[Translation]

**Mr. Alexandre Boulerice:** Because we still have time available.

[English]

**Mrs. Shelly Glover:** —because the committee hasn't decided whether we're starting a second round or not. It doesn't appear we're going to have time to do one.

**The Chair:** My understanding was that we're going to deal with motions at the end, that all three parties have agreed to deal with motions very quickly.

I have one question I'd like to ask, so I was going to give Mr. Boulerice a round and then I would take a round.

**Mrs. Shelly Glover:** Then we would get a round again? I ask because if we don't have time for a second round, I'd rather not start one. I'd rather just go to your question and then go to the motions, if possible.

**Voices:** Oh, oh!

**Mrs. Shelly Glover:** Well, that is how the rounds are set up—for proportionality, right?

**The Chair:** Chairs can technically ask questions at any time. My traditional practice was to go to the NDP and then take the next round myself, but if the committee wants to go to motions now, we can.

[Translation]

**Mr. Alexandre Boulerice:** I think we can continue to do our work.

[English]

**The Chair:** Does the committee want to go to motions now?

[Translation]

**Mr. Alexandre Boulerice:** I started asking a question. May I at least finish it?

[English]

**Mrs. Shelly Glover:** I just assumed you had a question to deal with, Mr. Chair, and that would complete the round. If we start another round, it's only fair that the Conservatives also have time, which won't leave us time for the motions. I'm trying to be as fair as possible, based on what the committee has done.

**The Chair:** Okay, I will do an NDP round and then a Conservative round.

**Mrs. Shelly Glover:** Very good. Thanks.

**The Chair:** Thank you.

Go ahead, Mr. Boulerice.

[Translation]

**Mr. Alexandre Boulerice:** Thank you.

My question is for all eight witnesses, but you do not all have to respond.

Can any of you confirm that implementing Mr. Hiebert's bill will not cost Canadian taxpayers anything?

• (1715)

[English]

**Mr. John Mortimer:** I think when we lay out the union dues that are not being lawfully deducted and tax expenditures go up, this will be a revenue-positive thing for the Canadian taxpayer. Hundreds of millions of dollars in taxes are going uncollected because union dues are being unlawfully claimed on tax returns, and unionized Canadians have no information from their unions to know how to properly complete their tax returns based on the T4 slips.

[Translation]

**Mr. Alexandre Boulerice:** Fortunately, thanks to our laws, Canadian workers have information about their own union dues. What we are looking for is transparency.

Madam Commissioner, I have a question for you. Do you think that this bill's provisions specifically violate Canada's privacy acts and regulations?

**Ms. Jennifer Stoddart:** They do not specifically violate the law because the Privacy Act protects public sector employees. The bill

would apply to organizations. No specific law applies to unionized workers at the federal level. There are provincial laws.

However, it is clear to me that if there is no privacy amendment, substantive issues could be raised.

**Mr. Alexandre Boulerice:** Thank you.

Mr. Watson, I have a question for you. This bill targets you. Earlier, you talked about how it would affect you.

However, I would like to know how many contracts or transactions worth over \$5,000 you, as a pension and retirement fund manager, carry out every year. I would like to know what kind of burden this legislation would place on your office and how it will affect your ability to do your work.

[English]

**Mr. Neil Watson:** We do thousands of transactions for the various portfolios we manage. We manage about 150 different portfolios, so significant costs would be placed on our organization, but I think the bigger cost will actually be on the pension plan side.

[Translation]

**Mr. Alexandre Boulerice:** Thank you.

[English]

**The Chair:** You have one minute.

[Translation]

**Mr. Alexandre Boulerice:** Mr. Smith, during their testimony, representatives of the Canadian Bar Association said that they believed this bill is a solution to a non-existent problem. They said that they do not understand what problem this bill is meant to solve.

Knowing that there were 4.2 million unionized workers in Canada last year, and that there were only six complaints about access to information on spending and union financial reports, what do you think is the real purpose of this bill given that there do not actually seem to be any problems?

[English]

**Mr. James E. Smith:** First of all, on the complaints that are financial, I do get some. The ones I hear are, "You're giving me too much paper. Save the trees". I believe in giving as much information as possible, and that's truly what I've heard many times: "Why so much paper? Why so much information?"

As for the true objective of this, my eyes are opened wide today, because the Rand formula is what it's all about.

**The Chair:** Thank you.

All right. I'm going to take a round as the chair.

I did want to address the issue of labour trusts. In our last hearing on the bill we had two witnesses who said the labour trusts, while they're included in this legislation, in this specific bill, are not included in U.S. legislation.

Mr. Mortimer, I think you addressed it during your opening statement today. I was going to ask you and perhaps Mr. Hunter if you could address the issue of whether labour trusts are included in the U.S. legislation, and if so, whether there are any differences between what's proposed in this bill and what is in the U.S. legislation.

Could we hear from Mr. Mortimer first on that, please?

**Mr. John Mortimer:** They are included. There are fewer today, since President Obama used his executive power to shield some trusts. If you wish, we can get more information from American experts as to the trusts that are covered versus the ones that are not in the wake of President Obama's changes.

**The Chair:** Some trusts are covered, but some—

**Mr. John Mortimer:** Some trusts still report in the U.S. One of the issues we're going to face if we do this has to do with what has transpired in the U.S. Money begins to flow into these trusts and flows out into all of these activities that will not qualify under the Income Tax Act, and we won't be able to catch them and protect the taxpayers.

**The Chair:** Mr. Hunter, can you address that for me, please?

**Mr. Cameron Hunter:** It's my understanding that labour trusts are not subject to this type of reporting in the U.S. Further, it's my understanding that this was debated at some length and that it was deemed not appropriate to subject them to this measure.

• (1720)

**The Chair:** Your understanding is that they are not included whatsoever in U.S. legislation.

**Mr. Cameron Hunter:** That's correct.

**The Chair:** Okay.

Let's go back to Mr. Mortimer.

**Mr. John Mortimer:** I was speaking to the former deputy Secretary of Labour, who ran disclosure for eight years in the United States, and he says some still are. He's the one who talks about how President Obama has made these changes since 2008.

**The Chair:** Can you amplify on that? Which some are included and which are not? Can you present that?

**Mr. John Mortimer:** Sorry, Mr. Chair, I do not have that expertise, but I'm certainly willing to undertake to get a letter and some information for the committee that details this. It is not as extensive in the U.S. as it would be if this aspect of the legislation went unamended.

**The Chair:** Okay. I'll go back to Mr. Hunter, please.

**Mr. Cameron Hunter:** I would just like to point out that the definition of "labour trusts" under Bill C-377 is very broad. It encompasses a lot of entities that, in our view, I'm not sure were intended. For example, we talk about a health and welfare trust; that's one family, but there are types of benefit plans that are not included in that, such as member assistance plans, for example, or addiction help organizations. In Ontario, we have a couple, like De Novo and Renaissance. These types of organizations would be captured.

One of the fundamental problems that MEBSCO has with this proposed legislation is the types of entities that would be captured under this definition.

**The Chair:** Mr. Hiebert has indicated he's open to an amendment on the labour trust issue. I hope I'm speaking correctly there.

In your view, and in your organization's view, is there a way to amend that to satisfy your concerns?

**Mr. Cameron Hunter:** In our view, the best way to amend it is to simply remove it from the definition. Our view is that it will, as I say, engulf a number of entities. As I mentioned in my opening remarks, it's quite possible that some charities may get covered by this because of the ability, say, of a union to appoint a member to the board of the charity. Is that an intended consequence of this legislation? I'm not that sure that it is.

**The Chair:** I'm going to get Mr. Mortimer to state his view on whether we should amend it.

Can you provide the committee with the information that leads to your understanding that labour trusts are not included in U.S. legislation?

As well, Mr. Mortimer, if this legislation were amended to remove labour trusts, would that concern you, and if so, why?

**Mr. John Mortimer:** It would concern me, based on some of the stories I've heard about the inappropriate activities that go on through some of these trusts.

Maybe a compromise solution is that these trusts report to the CRA so that the information is provided. That type of transparency may also limit the types of things that are going on, because there will be greater risks of being caught.

**The Chair:** Okay.

**Mr. John Mortimer:** It's not to do it publicly, but to make sure that the CRA has it.

**The Chair:** Okay. I would appreciate any further information before we go to clause-by-clause consideration, so that we are best able to make a very informed decision on that aspect.

I want to thank all of our witnesses for being here, for presenting, and for responding to our questions.

Colleagues, we have two notices of two motions. I understand we will be dealing with those motions.

I will thank the witnesses, and they can certainly excuse themselves.

I will ask our audience to keep very quiet while members deal with the motions.

I'll recognize Mr. Cuzner first, please.

**Mr. Rodger Cuzner:** Thank you very much, Mr. Chair.

In an attempt to bring some light to the cost of the implementation of this bill to the taxpayers of Canada, I'd like to move two motions.

**The Chair:** Yes, please do.

**Mr. Rodger Cuzner:** I move that the committee request officials from CRA to appear to answer questions on resources required to implement and administer Bill C-377.

**The Chair:** Thank you very much.

Ms. McLeod wishes to speak to this.

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

I'm not sure whether Mr. Cuzner would consider this as a friendly amendment or something that should be moved separately.

I don't know that he has actually had an opportunity, as someone who is a substitute, to actually look at our schedule on this committee. Of course, right now we're very full. We have many items that we want to be dealing with over the next number of months.

I suggest that due to the full agenda facing the committee and difficulties in scheduling additional meetings, I'm wondering if the committee could provide a list of questions to officials from Canada Revenue Agency regarding the cost of implementation and administration of Bill C-377 by—and we'll give them a specific date—and that the answers be provided, in writing, to the chair of the committee prior to the committee's clause-by-clause consideration.

• (1725)

**The Chair:** Can you read it one more time, Ms. McLeod?

**Mrs. Cathy McLeod:** The motion would read, "That due to the full agenda facing the committee and due to difficulties in scheduling additional meetings, the committee provide a list of questions to officials from the Canada Revenue Agency regarding the cost of implementation and administration of Bill C-377 by"—

—and we'll ask the clerk in terms of the most appropriate date—

—"and that the answers be provided in writing to the chair of the committee prior to the clause-by-clause consideration of this bill."

It's essentially to get the information that you want, but to respect our schedule, we're proposing to have written submissions.

**Mr. Rodger Cuzner:** Mr. Chair, I see that as a friendly amendment. Through you to Ms. McLeod, do you see each party submitting a list of questions to CRA?

**Mrs. Cathy McLeod:** Absolutely. I think, obviously, if we have 20 or 30 pages, the task of the CRA officials would be very challenging, but we hopefully can be respectful and key in on what the important issues are regarding this bill. I think we have to have some sense of what is doable within the timeframe available.

**The Chair:** I think Ms. McLeod is saying that all parties can submit questions to the chair for submission to CRA.

Mr. Cuzner, since you're open to it, can we just take that motion rather than amend your motion? Can we just work from this motion? It might be easier.

**Mr. Rodger Cuzner:** I'm comfortable with that as well.

**The Chair:** Okay, thank you.

Go ahead, Ms. Nash.

**Ms. Peggy Nash:** I'm comfortable with the motion as well. I just want to clarify that when the chair gets the answers, they would be for distribution to the members of the committee.

**The Chair:** Absolutely. That's how I read the motion.

**Mrs. Cathy McLeod:** It would be provided in writing to the chair. Of course, that's prior to clause-by-clause study. Again, I think we need to recognize the timeframes.

**The Chair:** All those in favour of this motion?

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** I think that's unanimous.

Mr. Cuzner, I believe you had a second motion dealing with the Parliamentary Budget Officer.

**Mr. Rodger Cuzner:** Yes, and this wouldn't require any further time from the committee. This would just simply be asking the Parliamentary Budget Officer to undertake a cost analysis study of Bill C-377.

I think that would be aligned with a private member's bill that was put forward by Mr. Hoback a while back.

**The Chair:** Okay, thank you, Mr. Cuzner.

I'll go to Ms. Glover, please.

**Mrs. Shelly Glover:** Thank you, Mr. Chair.

Thank you to Mr. Cuzner for the motion.

I did want to let Mr. Cuzner know, though, that there's a letter dated November 21, 2011, from the PBO saying he's already costed this one. In fact, I'll read the third paragraph of his letter. What he's done is he's costed PMBs for those that may have a material impact on Canada's fiscal framework as well as those that may have a significant operational impact on an affected department or departments.

Then he goes on to cite that of the 27 bills that his office looked at, there were only two that had an impact, and this was not one of them. It may already have been done, so I'm wondering why we might need a further motion for it.

**The Chair:** Okay, thank you.

Go ahead, Ms. Nash, please.

**Ms. Peggy Nash:** I don't have that letter from the PBO in front of me, but it's my understanding that what the PBO said is that he has not been able to do a full analysis of this bill, but if requested by the finance committee, he would be willing to do so. I would think that would be information that this committee would want to have.

• (1730)

**The Chair:** Okay. Thank you.

Is there further discussion?

**Mr. Rodger Cuzner:** I suppose it's all relative, but when we're looking at the work of the Parliamentary Budget Officer, he considers whether anything below \$5 billion is worth putting time into, such as in the case of the F-35 contract. However, I'm sure that if he was requested by the committee to have a look at this, he would be able to cost it out for us. I will stand by this motion.

I'm willing to table the documents that I referred to today on the fact that it costs \$33 million annually for the charities component of CRA, when we're looking at the cost of administering a program very similar to those in the United States labour standards. I'd like to table those specific documents here today, but again, I think it's in everybody's best interest to have the Parliamentary Budget Officer do this.

**The Chair:** Okay, thank you.

I'll go back to Ms. Glover.

**Mrs. Shelly Glover:** Thank you.

Once again, we have no problem with the PBO costing it. I'm just referring to a letter that says he's addressed the committee's motion that requires him to actually cost these things, and he states clearly that this has been costed by his department.

I'm happy to vote for the motion again, to have him redo it; however, we'd also like him to explain why he didn't follow his mandate and do it right the first time. It's a requirement, and he says he's done it. We would like an explanation.

**Mr. Brian Jean:** We have some uncertainty here. I'm wondering whether we could put the motion to the side and deal with it at a later date. It sounds as though he's already costed it and has already done his job.

**The Chair:** Because of an earlier motion we adopted, the earliest we could deal with this would be the Monday following the break week. That's an option for the committee.

**Mr. Brian Jean:** It seems a clarification is necessary in order to find out exactly what he's done. There's no sense in asking him to do something that he's already done.

**The Chair:** Okay.

Go ahead, Mr. Marston.

**Mr. Wayne Marston:** Is that letter referring to Bill C-317, the previous edition? It's not referring to Bill C-377, which is the amended edition of Bill C-317, is it?

**The Chair:** We'll go to Ms. Glover.

Do you want to respond?

**Mrs. Shelly Glover:** Sure, I'll respond.

Actually, it's exactly the same framework, so exactly the same costing would be in place. As I say, I have no problem voting in favour of asking him to do it, but he should explain why he didn't follow his mandate.

**Mr. Wayne Marston:** But he didn't have Bill C-377 in front of him in the incarnation it is now. That was my point.

**Mrs. Shelly Glover:** But it's exactly the same bill. It's just a different number.

**Mr. Wayne Marston:** Yes, but you said before there was royal assent required.

**Ms. Shelly Glover:** I was just asking the question.

**The Chair:** There are indications that people may vote in favour of this motion.

**Some hon. members:** Yes.

**The Chair:** I don't know whether we need to amend the motion or just indicate to the Parliamentary Budget Officer that we would like an explanation of why this was not done.

Is that acceptable to the committee?

**An hon. member:** Yes.

**The Chair:** It's not acceptable?

Go ahead, Mr. Jean.

**Mr. Brian Jean:** No, it's not. We still don't have the proposed amendments on the bill from Mr. Hiebert. I understand they are what most witnesses want. I understand he's amenable to that. Maybe what we should do is receive those amendments first from Mr. Hiebert, and then provide them to the PBO so that he can do a proper analysis of Bill C-377. I wouldn't be prepared to vote in favour of this motion right now. I wouldn't.

**The Chair:** I'm going to take a vote on this, with the understanding that if members vote in favour we will ask the Parliamentary Budget Officer the question that Ms. Glover has asked.

**Mr. Rodger Cuzner:** Is the bill going to clause by clause in the next meeting? We would want the Parliamentary Budget Officer to weigh in on this before we went to clause by clause.

• (1735)

**The Chair:** Clause-by-clause consideration is November 26.

**Mr. Rodger Cuzner:** Oh, great.

Okay, we'll just let the motion stand.

**The Chair:** I'm going to call the vote on this motion.

(Motion agreed to [See *Minutes of Proceedings*])

**The Chair:** Thank you.

Ladies and gentlemen, I appreciate that very much.

We'll see you back here immediately after the vote.

The meeting is adjourned.









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