

LABOUR BILL BLOCKED BY CANADA'S SENATE: UNIONS RELIEVED

Posted on January 28, 2013

Categories: [Insights](#), [Publications](#)

Canada's Senate broke ranks with the federal government on June 26, 2013 by blocking a bill which would have mandated public financial disclosure by unions.

While the Senate has been under close scrutiny of late over expenses, the ongoing government business has included a contested debate of Bill C-377, which would require labour organizations to disclose all payments made to outside groups or individuals worth \$5,000 or more and salary disclosure for workers earning more than \$100,000.

The controversial private member's bill sponsored by Conservative MP Russ Hiebert would amend the *Income Tax Act* and require disclosure of relevant financial information to the Canada Revenue Agency. These statements would then be available on a public website. Similar regimes are already in place in some other jurisdictions.

The ostensible justification for the new requirements is the fact that unions are exempt from taxation. Proponents of C-377 argue that unions should be treated with the same public disclosure requirements that charities follow. Some have also claimed that the move to greater transparency is justifiable since unionized Canadian workplaces impose mandatory dues on employees whether or not they are union members, and union dues are tax deductible.

Critics of C-377 have questioned the bill's impact on privacy rights and its constitutionality. The specific requirements on disclosing political activity also arguably infringe on freedoms of association and expression protected under Canada's *Charter of Rights and Freedoms*. A number of unions have also been vocal about the excessive compliance costs.

The initial vote on C-377 in the House of Commons was tight, and the bill passed in a narrow 147-135 vote in December 2012. The Senate initially voted in favour by 55-35, which resulted in the bill being moved to Second Reading. At this stage, the bill was voted down 49-33.

Those Senators who opposed the bill also passed substantial amendments which effectively gutted the key

substantive provisions. Under the Senate's version of the bill, the disclosure threshold was increased from \$100,000 to what some have called the "mischievous" level of \$444,661, and the transaction reporting obligation would only be triggered at the \$150,000 level. The Senate amendments would also exempt union locals and unions with fewer than 50,000 members.

The result of the Senate vote is that the bill has now been sent back to the House of Commons, which has already recessed for the summer. Although C-377 is a private member's bill, the government has indicated it is supportive, so the issue is quite likely to surface again in the fall.

by George Waggott

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

© McMillan LLP 2013