

UNION FINANCIAL DISCLOSURE BILL PASSED BY CANADA'S SENATE JUST BEFORE SUMMER RECESS

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Immediately prior to their summer break, Canada's Senate voted 35-22 to pass Bill C-377, a private member's bill which is causing much consternation for trade unions.

This move comes as something of a surprise since it was the Senate who broke ranks with the federal government back in June 2013 to block passage of the same legislation. For further details on the legislative history and events in 2013, please see our earlier bulletin [here](#).

The new legislation passed on June 30, 2015 will require labour organizations to publicly disclose all payments made to outside groups or individuals worth \$5,000 or more. There will also be salary disclosure for workers earning more than \$100,000.

The controversial new rules are set out in legislation sponsored by Conservative MP Russ Hiebert and are effected through changes to the *Income Tax Act*. The regime will 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 certain other jurisdictions.

The ostensible justification for the new requirements is the fact that unions are exempt from taxation. Those who support 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.

A number of unions have also been vocal about the excessive compliance costs. Critics of C-377 have also questioned the bill's impact on privacy rights and its constitutionality. Indeed, a number of unions and the Canadian Labour Congress have already spoken out publicly about their intent to challenge the legal validity of the new regime. Among their complaints, the specific requirements on disclosing political activity allegedly infringe on freedoms of association and expression protected under Canada's *Charter of Rights and Freedoms*. Further public debate and legal wrangling on the issues appear to be almost inevitable.

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.

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