



**Submission to the Standing
Senate Committee on Banking, Trade and Commerce**

Bill C-377

**An Act to Amend the Income Tax Act
(Requirements for Labour Organizations)**

May 30, 2013

by

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I wish to thank the members of the Committee for inviting the Canadian Association of Professional Employees (CAPE) to appear so that the Committee might hear the Association's concerns regarding the passage of Bill C-377, An Act to amend the *Income Tax Act*.

Several labour organizations have appeared or will be appearing before the Committee. They have sound arguments against the passage of this bill, which I will not be repeating here. In particular, I would suggest that the Committee take note of the brief submitted by the Canadian Labour Congress, which explains the full implications of this bill. Although CAPE does not belong to the CTC, it supports the views expressed in that document.

That being said, there are a few specific points I would like to touch upon that others may or may not have already discussed with you regarding the purpose of this bill and its contradictory and unfair nature.

CAPE represents approximately 12,000 economists and social science services employees who advise the government on public policy, 1,000 translators, interpreters and terminologists who provide the bilingual face of the government, and 90 analysts and research assistants at the Library of Parliament.

Every aspect of the political spectrum is represented in CAPE's membership. Respecting the diversity of its members' opinions, CAPE has always avoided entering the partisan arena and has abstained from lending its support to any one political party. Within the context of our mandate to represent the interests of our members, however, we do engage in lobbying activities of the type referred to in this bill. We have met with members of Parliament and with several senators who are present here today in order to share with them our concerns regarding this bill and a number of other issues. The details of these lobbying activities are set out in our reports to the Office of the Commissioner of Lobbying of Canada. No additional relevant information would become available as a result of the passage of Bill C-377.

In our view, C-377 is not a good bill. First of all, it seeks to use financial legislation to implement measures designed to control the activities of labour organizations. Constitutional expert Bruce Ryder told you as much last week, and others have echoed his sentiments in their appearances before this committee.

I would remind the Committee that unions are not public bodies: they belong to their members, and it is those members who are entitled to know how their union dues are actually being spent.

I can assure you that we are extremely transparent with our members. We give them all of the information they need to approve our budgets, and they can see in our budget documents exactly what use we make of the dues we collect from them.

I would respectfully argue that it is unfair to ask any union to apply the level of public transparency required in this bill. For CAPE and other organizations like it, such public disclosure of confidential financial information would tip the playing field by making the information available for use as leverage by employers in the collective bargaining process. CAPE represents its members in bargaining with two employers: the Treasury Board of Canada, for the EC Group (economists and social science services employees) and the TR Group (translators, interpreters and terminologists), and the Library of Parliament (analysts and research assistants). With regard to our members in the EC and TR occupational groups, the Treasury Board already has an unfair advantage in that it can use the Parliament of Canada's legislative powers to impose terms and conditions of employment, which it has done on numerous occasions in the past. If this employer gains the right to find out exactly what financial resources we have available to us, down to the last nickel, it will be able to approach the bargaining table from a position of strength that will make our position untenable in the long run.

If such rules are to be applied to labour organizations, why not apply them to employer associations and other lobbies? The sponsor of this private member's bill, MP Russ Hiebert, told the Committee that the object of his bill was not to require such a level of transparency from employer organizations. With no more explanation than this brief statement, Mr. Hiebert has tabled a bill that upsets the balance of labour relations between unions and employers. In order to pass this bill, the Senate should at the very least recommend amendments to ensure that its provisions also apply to employer associations and lobbies. Based on his testimony before the Committee, it seems likely that Mr. Hiebert would support such an amendment.

It is true that a labour union such as CAPE does not have to pay income tax under current tax legislation, since it is considered a not-for-profit organization. I would nonetheless remind the Committee that it is the union members as taxpayers that have their dues deducted from their taxable income. In his testimony before the Committee, Mr. Hiebert seemed to be arguing that this tax benefit went to the unions and not their members.

In my opinion, moreover, this tax benefit certainly does not outweigh the tax benefits enjoyed by Canadian investors who receive a 50% capital gains tax discount, for example. Applying C-377's own internal logic, shouldn't Canadian public companies that issue shares allowing investors to receive partially taxed dividends be forced to disclose publicly the uses to which they put the funds thus received from their investors?



I also wish to point out that the present government has introduced tax credits for families with children taking art classes or enrolled in sports activities. According to the spirit of C-377, music schools and athletics associations reaping the benefits of such tax-credit-eligible family expenditures should be subject to the same transparency requirements as labour organizations are under this bill.

In closing, let me make a simple observation. I firmly believe that the ultimate objective of the bill currently before this committee is to prevent unions from spending any money on lobbying or political activities. If Mr. Hiebert and the Parliamentarians who support this bill wish to restrict the activities of labour organizations, I think they should have the courage to table a bill that clearly spells out that intention and to defend it in debate before Parliament and the Canadian public.

I therefore request that you vote against this bill in its present form.