Where Does All The Money Go? Bill C-377 Will Force Unions To Answer



Many workplaces today require employers and unions to work alongside each other to maintain positive labour relations. In 2012, approximately 31.5% of all employees in Canada belonged to a union or were covered by a collective agreement. But how much do employers or the public really know about unions – specifically how much is known about what the approximate $4.5 billion that is annually collected in union dues is used for? Answering this question will be simpler when Bill C-377 comes into force as it will compel public financial transparency by all Canadian labour organizations.

The Bill

This bill is not without controversy. It was first introduced in 2013 and has undergone some changes. For example, some of the disclosure requirements have been modified in an effort to comply with privacy legislation. Despite the criticisms from various labour organizations, Bill C-377 received royal assent on June 30, 2015 and will come into effect in six months. Once in effect, all labour organizations in Canada will face numerous financial disclosure and reporting requirements aimed at improving transparency. For example all labour organizations will be required to report to the Canada Revenue Agency any spending of $5,000 or more as well as any salary of $100,000 or more. These reports will then be made public through the Federal Government's website. These reporting requirements should not be lightly ignored by labour organizations. Failure to comply with the requirements can result in a fine of up to $1,000 per day of non-compliance.

Possible Repeal of Bill C-377

Even though Bill C-377 has received royal assent it is still possible that unions will never be affected by this legislation. A federal election is scheduled for the fall of 2015 and both the Liberal and NDP parties have pledged to repeal the legislation if either was to form government. Furthermore, even if the Conservatives are re-elected Bill C-377 could be constitutionally challenged in the courts. Many critics of the bill argue that this legislation goes to labour relations and should properly be enacted by the provincial government if it were to be enacted at all. The provinces are unlikely to enact comparable legislation any time soon, as five provinces have already stated their opposition to Bill C-377.

Effect on Employers

This bill will provide Employers with another avenue to learn about Union activities and spending within their workplace as well as broadly throughout the province and Canada. Employers, however, will have no direct obligations under Bill C-377. This is in contrast to the American law, on which Bill C-377 is modeled. In the United States employers are required to disclose spending that relates to union activity such as arrangements for a consultant to persuade employees on bargaining and representation rights. Employers in Canada are not required to file any additional disclosure documents as a result of this new legislation.

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