

Income Tax Act

Bill to Amend—Second Reading(—Debate Continued???)

On the Order:

Resuming debate on the motion of the Honourable Senator Eaton, seconded by the Honourable Senator Rivard, for the second reading of Bill C-377, An Act to amend the Income Tax Act (requirements for labour organizations).

Hon. Hugh Segal: Honourable senators, I rise with the permission of Senator Ringuette, who has adjourned this motion, to speak on Bill C-377. I believe the bill must be amended and critically examined before committee. As I do believe that, I do not oppose second reading, although I cannot vote for the bill in principle and will not. Let me share my best judgment as to why Bill C-377, dealing with broadening trade union disclosure to CRA, is bad legislation, bad public policy and a diminution of both the order and the freedom that should exist in any democratic, pluralist and mixed market society.

While I do not question the good faith and enduring belief in transparency of those in the other place who proposed and supported the law and of my esteemed colleague Senator Eaton, who sponsored the bill in this place, I want to point out that, while transparency is a compelling public good, applying it in a discriminatory way is harmful and divisive.

As a Tory, I believe that society prospers when different views about the public agenda, on the left and the right, are advanced by different groups, individuals and

interests. Debate between opposing groups in this chamber, in the other place and in broader society is the essence of democracy. Limiting that debate as to scope and breadth is never in the long-term interest of a free and orderly society.

Dispatching CRA to police how trade unions spend their money, in denominations of \$5,000 or more, is to increase the role of CRA and of the state in ways that create a bigger, nosier, more expensive government. As a taxpayer and as a Conservative, I oppose that kind of increase in any government's power or expenditures.

At the disclosure level that is now in the bill -- \$5,000 -- a two-year supply of coffee, a used car, a new computer system or printer or the replacement of plumbing or a boiler at a union headquarters would qualify for explicit disclosure.

Is this all that CRA has to do?

Some Hon. Senators: No.

Senator Segal: My colleague from Prince Edward Island, Senator Downe, has spoken eloquently about the need to work harder on tax evasion. Do we want to take people who might be working on tax evasion and have them assess which union local bought a new boiler for its headquarters? That is what this bill would produce.

If this is to apply to trade unions, why would it not apply to rotary clubs, the Fraser Institute, Christian, Muslim and Jewish congregations across Canada, the Council of Chief Executives, local car dealers or the many farming groups, like the Cattlemen's Association or the Ontario Federation of Agriculture, all of whom do great work?

How about local constituency associations, food banks, soup kitchens or anglers and hunters clubs? All of these groups express views on policy. All have the right, under election law, to volunteer in municipal, provincial or federal elections, and all come to Ottawa to lobby and press government on issues important to them. They do so along with representatives of the defence industry, our First Nations and various cultural groups. Are they all to be swept into the CRA bureaucratic remit? That is what this bill would lead to. If CRA is to become the political judge of what expenses are appropriate, what are the guiding criteria? The bill is silent on that.

There are, honourable senators, other doubtful provisions that should be of deep concern, like clause 3(a), on page 2. It says that information shall be provided in “such a form and containing such particulars...as may be prescribed.” It does not say by whom. Would it be the representatives of the Privy Council Office or the Department of Labour? Spare me.

Clause 3(b)(ix) lists the need to declare what is spent on labour relations activities, with no concurrent disclosure imposed on the management side. How about a law that forced my political party to disclose its campaign, travel, research and advertising budgets to the Liberal Party of Canada or to the NDP two weeks before the election was called? Perhaps Coca Cola should be forced to disclose to Pepsi its marketing plan and expenditures over \$5,000.

How about the Montreal Canadians having to tell the Boston Bruins whether their coach spent more than \$5,000 on dinner for their team and where they ate in Boston before the game?

Honourable senators, this bill is about a nanny state, anti-labour bias running rampant, and it diminishes the imperative of free speech, freedom of assembly and free collective bargaining.

I imagine that, were it to pass, subsequent legislation from the other place -- from private members -- might be aimed at newspapers, networks, TV and otherwise, student groups, universities, junior baseball leagues and even, God forbid, community soccer.

Where we are headed with this bill is down a dark alley to a very dark place indeed.

If the unions should disclose, so should the autodealers, the C.D. Howe institute, the Centre for Policy Alternatives, all the local Legions and all of the various local organizations.

Have we decided that CRA has lots of employees with little to do? When did that meeting happen? Who came to that conclusion? To manage the new nosey mission, CRA would need new employees and up to \$2.5 million in operating funds, plus an extra 800,000 a year. That is CRA's own estimate. The Parliamentary Budget Officer says the number will be much higher.

Let me talk now, in conclusion, about one Conservative who, while not perfect, was generally revered for his role in the building of Canada. His name? Sir John A. Macdonald. We take him seriously in Kingston, Ontario and in other parts of Canada.

In a piece on early labour legislation in Canada, Mark Chartrand writes, in reference to the introduction and passage of the Trade Unions Act of 1872, under the Liberal-Conservative government of Sir John A. Macdonald:

Sir John A. was solely responsible for the introduction of the bill. In his preliminary remarks in the House of Commons, he said that that bill was modelled after British statutes enacted in the previous year [under Gladstone] that emancipated union members from existing laws that were considered to be "opposed to the spirit of the liberty of the individual" and "too oppressive to be endorsed by free men."

He suggested that it was in Canada's best interests to enact analogous legislation so that Canadian and British immigrant workers "would have...the same right to combine for the accomplishment of lawful objects as [workers] had in England."

During the debate of 12 June, he noted: "Recent events in Toronto [the famous printers' strike] had shown the necessity of adopting some amendment [to existing law] here. He also expressed his concern that "If workingmen should learn that the old law remain unchanged, they would not come to settle in Canada."

Honourable senators, the very growth of Canada -- successive waves of immigrants from the British Isles that built Canada in the early days -- depended, in some measure, on protecting legitimate union rights.

(1510 follows -- Senator Segal cont'g -- **Honourable senators, they did so then)

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(following 1500 -- Senator Segal cont'g -- legitimate union rights.)

**** Honourable senators, they did so then and they do now.**

- (1510)

Let me quote from Chartrand's historic work:

. . .considering the following statement made by Macdonald on 11 July 1872 at a mass meeting sponsored by the Toronto Trades Assembly in his honour "as the friend and saviour of the working man":

He rose at that meeting and he said:

I ought to have a special interest in this subject ... because I am a working man myself. I know that I work more than nine hours every day, and then I think I am a practical mechanic. If you look at the Confederation Act, in the framing of which I had some hand, you will admit that I am a pretty good joiner; and as for cabinet-making, I have had as much experience as Jacques and Hay themselves.

The negative effect of this bill, either in deploying CRA on political missions or on limiting freedoms, is debilitating and offensive. The bill before us today, as well as right-to-work legislation that is being proposed in the other place as a private member's bill, is not who we are as Canadians. It is time this chamber said so.

Some Hon. Senators: Hear, hear!

Senator Segal: Honourable senators, I know union leaders whom I dislike and do not trust. Some have been mean, narrow, divisive and unconstructive, but I defend their right to advance what they consider to be their members' interests. I know corporate, political and not-for-profit leaders who suffer from the same faults.

As for soft-sounding, labour-financed coalitions that campaign against Conservatives at various points in provincial elections, we have seen that. It is the election laws that should be changed to limit anybody's right to do so on the right or left without spending limits and full, timely disclosure, not the Tax Act of Canada. This is a matter of election law not CRA inquisition.

As I adjourn the debate in Senator Ringuette's name, I urge honourable senators on all sides to reflect on how this bill might be revamped or, if necessary and if it is not revamped at third reading, actually stopped dead in its tracks.

Senator Tardif: Good idea.

Senator Segal: In the interests of free, collective bargaining; strong, competitive environments; safe workplaces; and the fair treatment of working men and women, socially, economic and politically, this bill should be either readily revamped or set aside. If it has been quoted on other matters in this place that "the best social policy is a job," then people who seek union support in the workplace -- as is their right in a free society -- should be protected, and the unions who serve them should not be singled-out unfairly.

Thank you, honourable senators.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker *pro tempore*: Will the Honourable Senator Segal accept a question?

Senator Segal: Yes.

Hon. Pierrette Ringuette: Senator Segal, I certainly welcome the wise words that you have just stated.

The interests of future growth of this country, as the honourable senator mentioned, was the purpose of the first union bill in the late 1800s. In the interest of having a balanced approach -- we know that there is always two sides to an issue -- and if this bill tends to impose certain disclosure for the work that it has to do on behalf of Canadian workers, then would the honourable senator consider putting forth an amendment that would balance the bill and see the Canadian Electrical Contractors Association, for instance -- because unions also play a vital role in credential recognition?

Then you could have also the entire sphere of the Canadian Bar Association, the medical associations, the Ordre des ingénieurs. Also, in regards to the bargaining activity of unions, then, as I was mentioning earlier, the bill in amendment could include the manufacturers associations of Canada. My God -- should we also say the Canadian Auto Workers Union?

An Hon. Senator: That would be interesting.

Senator Ringuette: We all know they visit Parliament Hill quite often.

In the interests of having a balanced approach to the issue that we have in front of us, would the honourable senator consider putting forth an amendment to balance this bill?

The Hon. the Speaker *pro tempore*: Before the Honourable Senator Segal begins his response, I regret to inform honourable senators that his speaking time has expired. Is more time granted, honourable senators?

Hon. Senators: Agreed.

Senator Segal: I thank the honourable senator for her question. When I listed other organizations that, if we were to be fair about this, should have to face a similar level of disclosure at the \$5,000 level or above, it was not because I wanted to see the state expand its role even further than this bill provides to sweep them all in. I sought to list them so that honourable senators might reflect here and in committee as to how the imbalance implicit in this particular bill might be best addressed.

As a Conservative, my instinct would not be to expand the role of the state to look into other organizations. I want to be fair to the government; the government came to committee in the other place and attempted to raise the \$5,000 threshold to a much larger number so as to reduce the level of "nosiness" in the legitimate activities of our trade unions. I do not think they were successful at committee, although I think they endeavoured to do so. There was a ruling made as to whether the amendments could be introduced into the chamber.

The government has been trying to find a way to take what was a private member's legislation, offered in good faith, and moderate it in some fashion. They

have not been successful in so doing. We are now faced with this bill before us, so I will not prejudge what honourable senators in committee might choose to do other than to say that I think a broad array of witnesses who would discuss some of the implications of this process on the free collective bargaining process, mixed-market economies and the relationship between management and labour might be invited to express their views so that we can benefit from that wisdom and decide appropriately thereafter.

Hon. Percy E. Downe: Will Senator Segal take another question?

Senator Segal: Yes.

Senator Downe: I thank the honourable senator for his speech; it was very informative and, as always, interesting.

As an aside, his affection for Sir John A. Macdonald, which he noted about Kingston and other parts of Canada, is certainly shared by Prince Edward Islanders. I was surprised to read in Richard Gwyn's book that, when he was sick at one point, he returned to Prince Edward Island for seven or eight weeks to recover -- a very good choice. I assume it was in the summer and not the winter, however.

On your remarks about the role of the Canada Revenue Agency, I noticed the President of the Treasury Board of Canada Secretariat announced the 19,000 public sector positions that would be eliminated over the next while. I was surprised to see that the largest cut to any one department was at the Canada Revenue Agency, with 3,008 positions being eliminated. This is a document from the minister.

The honourable senator correctly identified in his remarks that the new responsibilities imposed by this bill will require additional employees. I continue to hear criticism of the lack of effort in overseas tax evasion.

(1520 follows -- Senator Downe cont'g: ** I now hear growing...)

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(following 1510 - Senator Downe continuing - overseas tax evasion.)

****** I now hear growing concerns of these cuts involving front counter servers, particularly from seniors who now have problems finding forms and so on because the front counter people are gone, which I assume are the majority of these people.

- (1520)

Where did the honourable senator get the figure he identified in his speech for the number of additional employees that would be required if this bill passed?

Senator Segal: My recollection is that it came from an analysis in one of the newspapers quoting someone from CRA. That was my source in that circumstance.

Honourable senators, let me say this with respect to the CRA: I go back to the days of Perrin George Alexander Beatty, MP, Minister of Revenue, who brought in the taxpayers' rights provisions. I believe that produced a huge improvement in the relationship between CRA and all the taxpayers of Canada who have to interact with them in some way or form. Of course, CRA has modernized in terms of online filing. One can understand that when you move to online filing some of the human resource requirements that existed prior thereto are no longer necessary.

Whatever that transition is, upon which I am no expert, imposing this new burden upon them, and establishing the principle that every time Parliament is unhappy with a particular organization or group of organizations or type of organization it is CRA who will produce transparency by forcing disclosure at

relatively modest levels, I think is a bad principle. That is really the principle against which I tried to speak this afternoon.

The Hon. the Speaker *pro tempore*: Dose the Honourable Senator Ringuette have another question?

Senator Ringuette: I move the adjournment.

The Hon. the Speaker *pro tempore*: The adjournment has been moved already by Honourable Senator Segal, seconded by Honourable Senator Nolin, that further debate in this matter be adjourned in the name of Honourable Senator Ringuette for the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Hon. Claudette Tardif (Deputy Leader of the Opposition): Honourable senators, I want to get an assurance that there will be the 45 minutes for Senator Ringuette, as she is the second person and our critic on the bill.

The Hon. the Speaker *pro tempore*: That is agreed and understood.

(On motion of Senator Ringuette, debate adjourned.)