

Liberals join union defence

Ontario and Quebec ministers try to block disclosure bill

John Mortimer – Special to Financial Post – Dec 20, 2012

Another week, another letter from a provincial government indebted to union leaders who are seeking to keep union financial activities hidden from Canadians.

Last week, Quebec's Parti Québécois labour minister wrote to the federal government, opposing the then-upcoming vote on private member's Bill C-377 — legislation aligning Canada with other nations that have public union financial disclosure. Bloc Québécois MP André Bellavance asked the government to respond to the letter and “defer passage of C-377.”

Conservative federal Minister of Labour Lisa Raitt replied that the House would still vote that night on the bill. It passed, 147 to 135, in spite of five Conservatives joining all opposition MPs in voting no. C-377 is now at Senate first-reading stage.

Canada's labour organizations have an unprecedented system of tax and legal privileges and powers. Tax deductible, mandatory union dues are a condition of employment, regardless of whether or not a unionized employee is an actual union member. Unions are tax exempt on all revenues no matter what the source. And, there are no effective limits on what unions can do with these monies. No other country still allows such outrageous powers and privileges.

This week, Ontario's Liberal Labour Minister Linda Jeffrey wrote to all senators, pleading with them to not pass the bill into law. Why she wants to become a pen pal regurgitating union talking points to the Senate, in the midst of her own party's leadership race, is a mystery.

Or is it? Not since the rule of Bob Rae's NDP has an Ontario government been so tied to Big Labour.

Ontario's Liberal government actively enabled unions to hide their financial affairs from taxpayers and voters, reaping huge benefits as a result. Over the past three elections, the “you scratch my-back, I'll scratch yours” arrangement has been accomplished through a group called Working Families. The warm, fuzzy, focus-group-tested name covers its true purpose — a front group for unions to funnel millions of dollars into American-style, political attack ads against provincial Progressive Conservative leaders.

But the full financial and personal influence has never been publicly disclosed. Just prior to the 2007 provincial election, the Liberals changed election finance laws to allow for this activity.

This is the key: Elections Ontario now allows third parties (such as Working Families) to spend an unlimited amount of money on attack advertising, while registered political parties are constrained by strict spending limits.

On the other hand, third-party support for a registered political party is risky, as its advertising could be added to a party's and put the party over the spending limit. Third-party advertising that supports or advocates for a party is now essentially extinct, but third-party attack ads are a growing force.

While individual, corporate and union contributions to political parties have strict upper limits, there are no limits on contributions to third parties like Working Families. Two of Ontario's striking teachers unions gave at least \$100,000 each to Working Families last year; some unions gave up to \$250,000.

Working Families only reports contributions received two months before through three months after an election. The amended law does not require monies received or spent outside the time frame to be publicly disclosed. Hence, Working Families' air assault on the PC leader started during the February Academy Awards, well in advance of the July reporting window.

By contrast, any contributions over \$100 to a political party must be reported, no matter when they are made.

The amended Ontario scheme also used ingenious wording to sidestep court review. Two levels of Ontario courts (in 2011 and 2012) confirmed Elections Ontario's government-appointed CEO has "no duty to receive or investigate complaints," only the "discretion" to investigate — or not. Ontario's attorney-general, another current beneficiary of Working Families, could also initiate an investigation but, hardly surprisingly, has not.

An Ontario citizen could pursue a "private prosecution" but, as noted by the court, this requires "the consent" of the government-appointed CEO of Elections Ontario. And, if the CEO doesn't exercise the "discretion" to grant consent, it appears that decision is also beyond court challenge.

Because of strategic legal wording, the court ruled "judicial review is not available" and threw out litigation about Working Families activities.

Hundreds of documents, including emails connecting the Ontario premier's chief of staff (who has also acted as Liberal campaign manager) and consultants working on the Working Families campaign against the PCs, were blocked from court consideration.

C-377 will make public all contributions over \$5,000 to groups like the Working Families, leaving the Liberals helpless to shield their union friends. In turn, unions would have nowhere to hide such outlandish spending for political influence.

Finally, union dues that fund such contributions don't qualify for tax deductibility under the current federal Income Tax Act. Under C-377, Canadian taxpayers, a majority of whom oppose these activities, would have a basis to demand enforcement.

In her letter, Labour Minister Jeffrey complains that C-377 could "drastically derail collective bargaining in Ontario." Respectfully, the more probable cause is her government's recent jilting of its former lovers — the teachers unions that funded Working Families and also ran their own campaigns to ensure Ontarians would re-elect the "education premier."

Nanos Research's 2011 Labour Day survey found 71% of Ontarians and 74% of unionized Canadians oppose the use of union dues for attack ads. Similarly, 91% of Ontarians and 86% of unionized Canadians support laws for mandatory public union disclosure.

American public union disclosure became law more than 50 years ago. That achievement was led by America's top union leader, George Meany, and then Democratic senator John F. Kennedy, who as president did not seek to roll it back. In 2008, French union leaders supported public disclosure. In 2012, Australian Labour Prime Minister Julia Gillard said she was prepared to further strengthen her country's existing public union disclosure system.

Maybe Liberal Labour Minister Jeffrey and union leaders should disclose what they really fear if the Senate does pass C-377.

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