

Issue Brief

Union Dues Transparency



Overview

Unions collect over \$4 billion annually in forced contributions from Canadians in unionized workplaces (including from those who do not join the union), yet there is no obligation for labour leaders to disclose financial information to their members, which has created an environment ripe for abuse. In addition, unions receive over \$400 million in tax breaks annually, meaning the general public has a right and interest to know how union leaders are spending the money they collect.

Unions consistently spend their funds on political and social causes without the knowledge of their members and often on causes of no interest to their membership. To address this, the 2012 PC Party Election Platform proposed to introduce a Paycheque Protection, Transparency and Freedom to Choose Act and there is related legislation pending in Ottawa on union transparency.

Merit Supports

- Amending the Alberta Labour Code to ensure unions disclose the use of union dues and allow for union members to opt out of paying dues towards non-bargaining activities.
- Passing Bill C-377 to improve the transparency and accountability of unions and their leadership.

Merit Opposes

- The use of union dues for political or social activism without express individual member consent

Background

Unions receive dues from employees who are governed by the terms of a collective agreement between the union and the employee's employer. However, there are no provisions that require a union to use those funds only to represent the employees in bargaining activities. In fact, many unions use funds received through union dues to engage in political and social activism. This is conducted without the employee's individual consent. Individual union members have the right to vote their conscience and have the right to financially support or not support a particular

candidate or political party. Forced union dues used for political purposes circumvent this basic right.

Canadians overwhelmingly agree that forced union dues should not be used for political purposes unrelated to collective bargaining or grievance administration. Polling* in April 2014 concluded that Albertans strongly support increased union fiscal transparency, both in terms of donations to political parties, advocacy groups and charities (84%) and public disclosure of detailed financial information on a regular basis (77%). Seven-in-ten (70%) Albertans polled want to allow unionized employees to opt out of mandatory dues that are spent on political and social causes unrelated to their workforce.

Bill C-377 if passed and proclaimed will require union leaders to file some basic information about their finances, political activities, and funding for initiatives unrelated to collective bargaining. Similar requirements already exist in countries like the U.S., U.K., France, Australia, New Zealand and Germany. The U.S. disclosure laws led to over 900 criminal convictions for inappropriate and fraudulent activity between 2001 and 2008, according to the Office of Labor Management Standards. In Australia, both the Labour Party and the new government have called for even stronger action to combat union corruption, and that country's laws were already well ahead of our own.

There are countless examples that demonstrate the need for union financial transparency, stories that only come up through selective leaks, investigative reporting or a public inquiry. Examples include:

- A former union executive told the Charbonneau Commission that Quebec's largest labour union was controlled by high-ranking members of the Mafia and Hells Angels.
- Union bosses in Quebec helped rebuild a biker strip club that had burned down, including a \$1 million investment from a union-controlled fund.
- A Quebec union boss allegedly filed more than \$125,000 in fraudulent expenses over a six month period.
- A Windsor, Ontario union leader was charged with fraud, with reports suggesting union funds had been misappropriated over a nine-year period.
- The United Steelworkers has partnered with the Sierra Club to oppose the Keystone pipeline – at the same time as thousands of Hamilton steelworkers have lost their jobs due to declining demand for steel – which is used to make pipelines.
- Various Canadian unions continue to oppose oil sands development, despite tens of thousands of unionized Canadians working in that sector and who support oil sands development.

Unions argue that the current model of forced unionism is necessary to ensure their survival, yet In Europe where there has been a significant decline in membership, unions have adapted to the threat of globalization and neoliberalism. Many European jurisdictions have voluntary union dues, similar to some US jurisdictions. These unions must justify their spending to maintain and increase their membership base. To prove their value, unions in some European countries have staged large scale protest against austerity measures, opposed privatization of some services, modernized communication strategies and tools, and taken on the concerns of marginalized populations like women and immigrants. The challenge to unions' inertia for transformation remains the threat to the established internal power base, where changes would create winners and losers.

*Innovative Research Group telephone survey of 600 randomly-selected Alberta residents, 18 years or older, accurate to within $\pm 4.0\%$, 19 times out of 20.