

THE SENATE

Tuesday, February 14, 2017

[Translation]

CANADA LABOUR CODE

BILL TO AMEND—THIRD READING— DEBATE SUSPENDED

Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate) moved third reading of Bill C-4, An Act to amend the Canada Labour Code, the Parliamentary Employment and Staff Relations Act, the Public Service Labour Relations Act and the Income Tax Act.

She said: Honourable senators, I ask you to promptly pass Bill C-4. As you know, this bill repeals two union-related bills introduced by MPs and passed during the last session of the Forty-first Parliament. These two private members' bills, Bill C-377 and Bill C-525, would never have been passed or even introduced as they were drafted, if they had been government bills.

[English]

The reason is simple. Both bills were unworthy of being government legislation.

[Translation]

These two bills made amendments to important parameters of the legislation on unions, without any advance consultation of stakeholders or a careful analysis by the Department of Justice.

[English]

As described by Warren Newman, Senior General Counsel, Constitutional and Administrative Law Section of the Department of Justice Canada:

When government proposes policy, there's a whole internal process leading to cabinet consideration and then recommendations on the part of cabinet members, the cabinet as a whole, instructing the Minister of Justice and the Department of Justice to draft legislation in accordance with the policy put forward.

When private members' bills come forward, they don't evidently go through the same process. Sometimes provisions that are presented in private members' bills, which superficially might seem to integrate with the overall legislative scheme, in reality can cause these inconvenient by-products of rules that are not necessarily thought through in terms of the overall scheme.

Mr. Newman continues further on, just last week in the last committee study of the bill:

That is a difficulty we run into when legislation is proposed in this way. That's not to say there aren't good measures that come forth through private members' bills. Many have been enacted and are an integral part of our statute law, but it is a different process.

The result of this process is that one bill, Bill C-377, called the disclosure bill, is more than likely unconstitutional as seven provinces said that it infringes on their jurisdiction and is not Charter-compliant.

On the other hand, Bill C-525, the secret ballot bill, contains errors and has not followed the appropriate consultative process that government legislation usually receives. Both of these bills were strongly opposed by the unions and did raise concerns for many groups besides unions, even employers' associations.

[Translation]

I will reiterate that Bill C-377 is more than likely unconstitutional and will be challenged before the courts if Bill C-4 is not passed. According to what was said by the Privacy Commissioner of Canada when the bill was debated in 2015, Bill C-377 also constitutes an attack on privacy.

As for Bill C-525, unions and employers were not consulted on the bill before it was introduced. Also, the bill compromises the tripartite labour relations system at the federal level, but I will come back to that.

In fact, the sponsors of these two bills do not hold unions in very high regard. For instance, during his speech at second reading of Bill C-525, MP Calkins said the following, and I quote:

We also know that unions are driven by the need for power. They are furnished with a never-ending stream of monies through the dues they collect from those hardworking employees they claim to represent.

He then went on to say:

The voice of workers is being trumped by the personal desire of union bosses and organizers. Democracy should not be about suppression.

The two Conservative members who introduced these bills had the strong support of organizations like Labour Watch and Merit Canada, which are well known for not liking unions very much. In fact, Labour Watch's primary mission is to prevent unionization and help employees cancel union certification.

[English]

In fact, those two private members' bills were explicitly supported by anti-union organizations and tacitly supported by the government of the day. If you look at the votes, those bills were adopted by the Conservative majority in both houses, with some dissents among Conservative senators. They were strongly opposed by the Liberals and the New Democrats. What is the real intent behind those two private members' bills that Bill C-4 wants to abrogate? In fact, the purpose of these laws, as well explained by Senator Fraser in her speech in second reading for Bill C-525, was to weaken the unions.

[Translation]

Underscoring the fact that changes to the Canada Labour Code have traditionally been the subject of proper consultation and consensus, Senator Fraser said, and I quote:

No such consensus has been achieved or even sought on [Bill C-525]. As for demonstrating need, the only need I see is the government's need to diminish the importance of unions in our society. I do not see that as one of the noble goals Parliament should espouse.

[English]

What is the intent now of Bill C-4? The intent of Bill C-4 is to recognize the importance of establishing good labour relations practice in Canada by restoring balance between employers and unions. In fact, the intent of this bill is to further the future and the stability of labour relations in Canada.

Colleagues, I can predict that if Bill C-377 and Bill C-525 had been in front of the present Senate, and not the Senate of the last legislature, they would not be laws today. Indeed, they don't pass the test of sound legislation and don't further the public interest. They were passed because the last government wanted it to be passed.

In 2014, I outlined in a speech before this house what appears to me the minimum reasonable questions a senator should ask him or herself to determine his or her vote in an independent manner. Briefly, they are as follows:

[Translation]

Is the bill constitutional? Does it respect provincial jurisdiction and the Canadian Charter of Rights and Freedoms? Is it in keeping with international treaties and agreements ratified by Canada? Is it detrimental to a minority, a distinct group or a vulnerable group? Will it have negative impacts on one or more provinces or territories? Was the bill the subject of appropriate consultations? Does it contain technical or translation errors?

I would add one more question given that this was discussed in the House of Lords and other upper houses around the world: Does the bill deliver on an election promise?

[English]

Clearly, Bill C-377 does not pass the test, and neither does Bill C-525.

Bill C-377, which forces unions to disclose various personal financial information online, is likely unconstitutional. Seven provinces have opposed it, seeing it as intruding on their jurisdiction. Their position was supported by the vast majority of legal experts who have appeared before the Senate since 2013. In their opinion, this bill is unconstitutional and violates privacy rights.

Bill C-525, the mandatory secret ballot bill which came into force in June 2015, made significant amendments to the union certification and decertification system. It makes secret ballots mandatory at all times and relaxes the conditions to revoke union certification. Bill C-525 may be constitutional, but since it amended the Labour Code, it should have been subjected to proper pre-consultation and deliberation by the parties involved. After all, Bill C-525 is about the rules surrounding a fundamental right recognized in the Constitution, the liberty of association, which is guaranteed in section 2 of the Canadian Charter of Rights and Freedoms. Those rules have important economic consequences on the creation and distribution of wealth. In fact, unions and employers have condemned the process followed.

[Translation]

In 2014, Federally Regulated Employers - Transportation and Communications, FETCO, condemned the process leading to the adoption of Bill C-525. This particular employers' association is the largest of its kind at the federal level. In 2014, FETCO representatives made the following statement to the Standing Senate Committee on Legal and Constitutional Affairs:

Notwithstanding FETCO's support of C-525, we want to express serious concerns that FETCO has regarding the process of using private members bills to amend the Canada Labour Code.... This critical tripartite pre-legislative consultation process is by-passed where changes to the Canada Labour Code are proposed through the mechanism of "one-off" private member's bills.

The use of private members' bills as a method of labour law reform tends to politicize labour relations. It will cause the pendulum to swing between labour law extremes and will create labour relations instability.

Honourable senators, I also want to point out to you that during review at second reading stage in the other place, before Bill C-525 was passed, this association of employers warned the members of the risk of endorsing the process.

On that matter, during her speech at second reading stage in 2014, Senator Fraser said —

[English]

Listen to Mr. John Farrell, executive director of the largest federal employer group, FETCO. He told the House of Commons committee:

We believe that the use of private members' bills sets the federal jurisdiction on a dangerous course, where, without adequate consultation or support, unnecessary or unworkable proposals come into law, and the balance, which is so important to the stability of labour relations, is upset. We strongly believe that it is not in the long-term best interests of Canadian employers and employees, and it has the potential to needlessly impact the economy by destabilizing the basic foundation of union-management relations.

That is the vice-president of the biggest employers association.

Recently, they repeated the argument. Let me quote Mr. Derrick Hynes, executive director of FETCO, who said recently, February 2, 2017, in the Standing Senate Committee on Legal and Constitutional Affairs, on the first point:

FETCO has consistently argued. . .that the process used to enact Bill C-525 was inappropriate. Bill C-525 brought in a revised certification and decertification process for all federally regulated organizations by the use of a private member's bill.

We talked about this yesterday, but I do want to repeat some of these points.

While we do not view the use of private members' bills as in any way undemocratic, but we do feel they should not be used for changes to the Canada Labour Code. For decades, a meaningful, tripartite, consultative mechanism has existed for such changes, where the three key stakeholders government, labour and management — take a deliberate approach to changes under the code and its associated regulations by consulting extensively ahead of time.

Mr. Hynes continued by saying that under a government bill we tend to see —

... a greater degree of rigour is applied to the process. Committees tend to have access to research and analysis and can tap into key internal resources, such as expertise that exists within ... government departments.

We have a system that works. Our suggestion is that we use it.

[Translation]

Honourable senators, to be perfectly candid, I presume that today's Senate, being more independent than it was in the past, would never have supported Bill C-525. In the more recent context of Bill C-29, the budget implementation bill, today's Senate expressed serious reservations about the lack of adequate consultation surrounding the financial consumer protection framework, which was an integral part of the budget.

In the interest of consistency, today's Senate would have adopted a similar position with regard to Bill C-525. Not being able to rely on adequate tripartite consultation, today's Senate would have defeated Bill C-525 before us.

During the last election campaign, the Liberals and the NDP promised to repeal Bills C-377 and C-525, but the current government quickly proceeded with the introduction of Bill C-4 in January 2016.

Dear colleagues, I invite you to vote for this government bill. Bill C-4 was passed in the other place by an overwhelming majority, three-quarters of the members. The Senate has no business opposing this government decision. The government decided to restore the balance between unions and employers that was struck at the last tripartite negotiations on the Labour Code. To oppose this decision by not passing Bill C-4 would be to meddle in labour relations. That is not our role.

[English]

The government decided to re-establish the proper balance between union and employers that existed before the adoption of those improper private members' bills. It is not legitimate for us to oppose the government on this matter. We are no specialists of labour relations. By deciding otherwise, we would confirm the use of dubious processes to change the Labour Code and would create instability in labour relations.

I invite you to vote for this government bill. It was widely supported in the other chamber. It was adopted at third reading in the other place by 204 MPs in favour and 79 against.

[Translation]

Before concluding, I would like to say a few words to those senators who are of the personal belief that mandatory secret ballots are always necessary for union certification.

[English]

For those who may think the mandatory secret ballot system at all times is better than the traditional system, I say that Bill C-4 is not about secret ballots; it is about stability in labour relations, and it is about recognizing that the tripartite system that exists in Canada in labour relations is the best way to establish the rules governing the relations between unions and employers.

[Translation]

To those of you who may prefer the mandatory secret ballot, I would like to say that the traditional certification procedures that Bill C-4 restores also provide for secret ballots. The system is not as simplistic as it is made out to be.

The traditional system, known as the card-check system, also provides for a mandatory secret ballot when 35 to 50 per cent of employees purchase a union membership card. If the number of cards is more than 50 per cent plus one, a secret ballot is held at the discretion of the Labour Relations Board. Every time the board receives an application for certification, the labour relations officers verify with the card holders that they have signed these cards voluntarily. A file is opened for each new application and reviewed by a committee consisting of the president or vice-president of the Labour Relations Board, a full-time union member selected from the largest federal union, FETCO, and a permanent union member selected after consulting the CLC. It is this tripartite committee that approves the certification or revocation. There is nothing automatic about the process except for the fact that, after the tripartite committee confirms that the entire process was carried out properly, the panel must grant the certification if it has been shown that the membership cards were freely signed by a majority of employees.

Ms. Brazeau, chairperson of the Canada Industrial Relations Board, told us at a Senate committee meeting that, in the traditional system, 15 per cent of all applications result in a secret ballot vote.

[English]

So there is nothing automatic about the process of certification of unions with the card system. This system also provides for secret ballots. The system, which will be restored if the current Bill C-4 is enacted, provides that a secret ballot is mandatory when 35 to 55 per cent of employees sign a membership card. It also provides for a secret ballot vote if, after verifying with the cardholders, the Labour Relations Board deems it appropriate. The final decision about certification and decertification is made by a tripartite panel composed of the president or the VP and a full-time employer rep and a full-time union rep.

Ms. Brazeau, chair of the board, said of the past card system, in the last week or so in committee:

The board had in place a rigorous investigation process that involved the testing and verification of the membership evidence. In determining whether to grant a certification or revocation, the board would assess whether it was satisfied, given the facts of the case, whether a majority of the employees in the unit wished to be represented by a union. If there were questions for the board with respect to the membership evidence or the true wishes of the employees, the board could and did order votes in those cases. In fact, we held votes in approximately 15 per cent of all applications before the board.

At the end of the day, the board's role is to ensure that employees can express their wishes for or against union representation freely and without interference.

[Translation]

This tripartite system of certification was introduced when the Labour Code was amended in 1999.

As for the revocation of certification, the traditional system stipulates that an application that is supported by a majority of employees must be submitted to the Labour Relations Board, after which a secret vote can be held. Conversely, Bill C-525 relaxes the conditions for revoking certification. It stipulates that union revocation must have the support of 40 per cent of employees. In such a case, Bill C-525 requires a secret vote organized by the Labour Relations Board.

I do acknowledge that everyone believes a secret ballot vote is synonymous with democracy. However, the conditions in which a vote takes place must also be taken into account. Principles and practices don't always converge. In that regard, Bill C-525 did not include any safeguards against ways the employer could pressure employees. This bill would have been different if the changes to the union certification system had been negotiated between the parties. The terms and conditions surrounding secret ballot voting should have been negotiated so as to minimize any and all attempts by both sides to engage in unfair practices.

Asked whether the tripartite labour relations system can generate a certification system by a secret vote, in one of our committee meetings, Mr. Hynes of the employers' association FETCO replied the following, and I quote:

[English]

I think it could come as part of a broader conversation related to the code. We have gone through over the years a number of substantial reviews of the Canada Labour Code and, through those negotiations, obviously there is a give and take by all the parties around the table. There could be an opportunity I believe to have a conversation about secret ballot versus card check if we had a more sort of expanded dialogue. But, again, it would have to be set up as a conversation about that.

Colleagues, I want to underscore that even if the principle of secret ballot is widely claimed to be the most democratic way to vote in society, we must consider the conditions in which the vote takes place. When a secret ballot is organized within the firm where only the employer has access to the employees, it is not guaranteed that the vote is exempt from employer pressures. And the facts prove that there are employer pressures to prevent unionization. Do you know of any employer who would invite the union to organize its employees?

[Translation]

Citing not anecdotes but actual statistics as compiled by the Canada Industrial Relations Board, Mr. Yussuff of the Canadian Labour Congress noted the following:

[English]

In the decade between 2004 and 2014, the Canada Industrial Relations Board dealt with 23 cases involving allegations of intimidation and coercion during an organizing campaign. The board upheld a total of six of these complaints. Four of them involved intimidation and coercion by an employer.

These numbers were confirmed by the chairperson of the board, Ms. Brazeau, who added in committee:

We've concluded that there has been an increase in the number of complaints filed since the coming into force of mandatory votes related to employer conduct during the organizing campaign and the conduct of the vote.

We've received 26 ULP — unfair labour practices — complaints since the coming into force. Now, we haven't been able to deal with all of them because some of them are still ongoing, but 11 have been resolved because we did hold the vote and at the end of the day the complaints were resolved through mediation.

[Translation]

Finally, I would also ask you to consider the unintended consequences, which were perhaps intended by some, of the certification regime imposed by Bill C-525. The facts show that unionization always decreases in provinces and countries where the compulsory secret ballot is implemented. Solid, extensive research has been conducted in this regard. A study carried out by Employment and Social Development Canada in 2013 and kept secret until just recently found that making secret ballot voting mandatory in some provinces led to union coverage in the private sector dropping from 23 per cent in 1997 to 19 per cent in 2012.

[English]

Indeed, many studies show that unionization decreases in countries, provinces or states where the compulsory secret ballot is implemented. This is particularly true for the private sector

unions. A study carried out by Employment and Social Development Canada in 2013 concluded that making secret ballot voting mandatory in some provinces led to a decrease in union coverage in the private sector, dropping from 23 per cent [English] in 1997 to 19 per cent in 2012.

[Translation]

In another study carried out for the Government of Ontario in 2015, Sara Slinn, associate professor and co-director of the Centre for Law and Political Economy at Osgoode Hall Law School, found the following:

[English]

Research indicates that procedural changes to representation processes including the mandatory representation vote significantly reduced the likelihood of certification, and that these effects were concentrated in more vulnerable units. This may partly be due to greater opportunity for delay and employer resistance under vote procedure compared to under card-based certification. The research also indicates that delay has significant effects on certification outcomes, as do ULP complaints and employer resistance tactics. ULPs have negative long-term effects, and are associated with difficulties in bargaining and early decertification. Research also suggests that employer resistance, including ULPs, is common and often intentional. Little research on decertification exists, but offers some indication that employer actions contribute to decertification, and that decertification is concentrated in smaller, low-skill, low bargaining power units.

[Translation]

That being said, you will understand, dear colleagues, that passing Bill C-4 will not just re-establish the certification system that existed before June 2015. It will also help to protect the future of labour relations in Canada.

Many studies show that, in addition to globalization and technological change, a lower unionization rate is strongly associated with higher income inequality. According to a study by researchers at the International Monetary Fund, in developed countries, 40 per cent of the increase in revenue share for the richest 10 per cent is attributable to lower unionization rates. Unionization leads to a more equitable distribution of employment earnings and promotes a growing middle class. This has been confirmed by researchers from the Federal Reserve Bank of St. Louis who conducted a study on the decline of unionization in the United States. Unionization also establishes a public voice that can call on governments to provide better social programs, increased minimum salaries and a more progressive tax system.

The Organisation for Economic Co-operation and Development determined that, on average in OECD member countries, increased inequality is responsible for annual loss in real GDP growth of 0.35 percentage points per year for a cumulative loss of 8.5 per cent of GDP over a period of 25 years. That is significant considering current growth rates, which are under two per cent in real value.

In short, passing Bill C-4 is not only a way to ensure an election promise is fulfilled, but also a way to recognize the importance of the tripartite federal labour relations system and promote the future and the stability of good labour relations in Canada. It is also a step in favour of the middle class and shared prosperity.

Colleagues, I want to repeat the conclusions of recent studies on the macroeconomic consequences of the decrease in unionization in advanced countries. Recent robust studies show that, in addition to globalization and technological change, a lower unionization rate is strongly associated with higher income inequality. According to a study by researchers at the International Monetary Fund, in developed countries, 40 per cent of the increase in revenue share for the richest 10 per cent is attributable to lower unionization rates. Unionization leads to a more equitable distribution of employment earnings and promotes a growing middle class. It also establishes a public voice that can call on governments to provide better social programs, increased minimum salaries and a more progressive tax system.

The Organisation for Economic Co-operation and Development determined that on average, in OECD member countries, increased inequality is responsible for a decrease of 0.35 percentage point per year for a cumulative loss in GDP of 8.5 per cent over the last 25 years. This is not insignificant.

In short, passing Bill C-4 is not only a way to ensure an election promise is fulfilled but is also a way to recognize the importance of the tripartite federal labour relations system and to sustain the future and the stability of our labour relations in Canada. It is also about taking an action in favour of the middle class and shared prosperity.

Dear colleagues, I urge you to pass the bill promptly. Thank you for listening.

[Translation]

Hon. Claude Carignan (Leader of the Opposition): Would the honourable senator take a question?

Senator Bellemare: Probably, yes.

Senator Carignan: Madam senator, for Senate reform, one of the most important changes we made to our practices was to enhance transparency by making our expenses available to the public online. I believe that was good for the institution and for people's faith in our democratic system.

One element that was introduced was transparency around unions' financial statements. Setting aside the degree of disclosure, which is something we could discuss, do you agree, on principle alone, that demonstrating transparency by publishing one's financial statements can go a long way toward restoring a trusting relationship with employees or restoring the relationship between employees and unions?

Senator Bellemare: Thank you for the question. I have always been a proponent of transparency, but not at the expense of people's privacy. In the context of the bill before us, the level of transparency interferes with privacy. You may not have been here, but during review of the first incarnation of Bill C-377 by the Senate Banking Committee, the Privacy Commissioner told us that he found the requirements of Bill C-37 to be unreasonable. He said in committee, and I could look up the quote, that if Bill C-377 were to become law, he would challenge it in court because it goes too far in terms of people being named.

I have not yet had the opportunity to examine in detail how we will proceed, but some people near me have commented that they find it strange that their name would be published.

In this particular case, Bill C-377 requires an unreasonable level of disclosure given that any expense of \$5,000 or more requires that the person being paid and the reason for the payment be disclosed. We heard from witnesses who were not union representatives, but people in finance and all kinds of sectors, who told us that they did not want their transactions with unions for certain things, such as window washing or funds management, to be made public and visible on a website around the world. That is the reason why the Privacy Commissioner found that the bill went much too far.

The bill also requires the reporting of time spent on labour relations, lobbying and so forth. That is unheard of elsewhere. In response to those who wonder how Canada compares to other countries, I believe that there are about six countries that have transparency requirements for unions — the United States, France, Britain, Australia, the Netherlands, and one more that I cannot remember. I studied them and I examined the forms these people have to fill out.

First of all, in all those countries, transparency measures are overseen by the labour relations department, because they fall under labour relations. Second, the same obligations are imposed on employers. This sometimes means associations, but can also mean large corporations.

If proper consultation had been done amongst employers' associations, I'm not convinced that they would want all the contracts they award to oversee labour relations to be available online, including the names of the lawyers hired to deal with a given matter within a given company and why they were hired. I have my doubts about that.

The transparency requirements in Bill C-377 are not only unconstitutional because they are a matter of labour relations, as demonstrated by legislation passed in other countries dealing with the same topic, but they are also unfair because they apply only to unions.

These two bills were poorly thought out and poorly written, and with respect to union transparency, you are a lawyer specializing in provincial labour relations, so you know that disclosure requirements already exist. Perhaps some people would have liked to see more of that, but unions are already obligated to be accountable to their members. Some already do this online, such as the CLC and CSN in Quebec, where everything is public.

These bills were introduced by two members who are completely anti-union, members who are supported by anti-union organizations whose explicit goal is to weaken unions. Whether we like it or not, unions have been important in the past and remain important today. They take meaningful action and protect the middle class. In this context, I believe that Bill C-377 and Bill C-525 absolutely need to be repealed as soon as possible so that we can move on to something else.

Senator Carignan: You are basically saying that you would agree with the transparency provisions if they were reasonable, is that right?

Senator Bellemare: I have never said otherwise. Look up my speeches. I even cited examples of how this is handled elsewhere, where requirements are constitutional, reasonable, and balanced, and where we find the same requirements for employer associations as well. You'll see, I think there will be a lot of opposition to this.

The Hon. the Speaker: Would Senator Bellemare agree to take another question?

Senator Bellemare: Has my speaking time expired?

The Hon. the Speaker: You have four minutes left.

Senator Bellemare: Out of courtesy, I will take Senator Maltais' question.

Hon. Ghislain Maltais: Senator Bellemare, I consider you to be a staunch defender of the union movement. That is your right and I respect that. You said that the two sponsors of these bills were Conservative MPs, which is true. You also said that they had the support of anti-union associations. I'm not sure which associations you speak of, but I'll take your word for it, senator.

Notwithstanding what you said, on the other hand, can you confirm in this chamber — and I am choosing my words carefully — that you do not have any connections with Canadian unions, specifically unions in Quebec?

Senator Bellemare: I was a university professor. I did research, work that involved unions and employers alike. I worked as a consultant for a time. I gave courses at the FTQ's Fonds de solidarité, where I had some savings a long time ago.

I then worked for the Conseil du Patronat du Québec as the vice-president of research and even as the acting president and, at that time, I presented the organization's views. Senator Carignan quoted the conseil in this chamber, but he did not quote the entire sentence, which ends like this: "in general, employers think that the secret ballot is preferable." That is the traditional position of employers, and it is quite respectable. I defended it when I worked for the Conseil du Patronat du Québec, but I had never done as much research and investigation into this issue as I have since I agreed to sponsor this bill. I can tell you that everything I have written here can be backed up. I therefore feel very confident in stating that passing Bill C-4 is a step toward better labour relations in Canada. It is also a way of assuring the future of federal labour relations.

I think that unions, employers, and the government must be given the latitude to negotiate the appropriate measures. In fact, since these two bills were passed, that is what the largest association of transportation and communications employers in Canada has been repeatedly calling for. If we mess with the Canada Labour Code, there will be backlash. Once again, the changes will be insidious, and, as FETCO has indicated, they will not be good for anyone or for the Canadian economy.

The least we can do is listen to the government that came to this decision and made it into an election promise. In fact, two parties

made it an election promise: the Liberal Party and the NDP. Who are we to get involved and to oppose such bills? Are we labour relations experts? If senators reject Bill C-4, which does not deal with secret ballot voting, they will be interfering in labour relations, and I'm sorry but I do not think that we have the right to do that.