

THE COST TO GOVERNMENT
AND TAXPAYERS

THINK AGAIN



“Cutting red tape is a most effective way to show that we are making government work for people, not the other way around.”

Rt. Hon. Stephen Harper, January 2011

BILL C-377 IS UNNECESSARY, BUREAUCRATIC RED TAPE THAT WOULD BE VERY EXPENSIVE FOR GOVERNMENT TO ADMINISTER, WOULD INTRUDE ON INDIVIDUAL PRIVACY AND IS UNCONSTITUTIONAL.
IT SHOULD NOT PROCEED.

THE FACTS

Bill C-377 is a seriously flawed proposal. Despite being withdrawn, redrafted, and then heavily amended by its sponsor (at the very last minute), it still presents clear and costly risks to government and taxpayers.

- It exposes the government to legal action on a number of fronts, including the Constitution and the Charter of Rights and Freedoms, according to testimony from the Canadian Bar Association, the Privacy Commissioner of Canada and others.
- Experts agree there is no way to forecast the costs. The Canada Revenue Agency charged with implementing C-377 has produced reports with costs ranging from the millions to the tens-of-millions.
- The Parliamentary Budget Officer says C-377 is so nebulous that the costs cannot be guessed at this time, although he contends that the Canada Revenue Agency has seriously underestimated the costs.
- The experience in the United States with a similar, although far less detailed program suggests annual operating costs between \$32 million and \$45 million.
- Meanwhile, the MP who wrote C-377 still claims that the cost to taxpayers will be minimal – even though he’s had to substantially rewrite the legislation more than once to deal with glaring errors and flaws.
- Conservative MPs will have to justify voting for such a risky proposal if it turns out to be the multi-million dollar boondoggle some predict. After all, the government’s priority is supposed to be jobs and economic growth, not more red tape and bureaucratic waste in Ottawa.



THE COST TO CANADIANS

Bill C-377 is a seriously flawed proposal. Despite being withdrawn, redrafted, and then heavily amended by its sponsor, it presents clear and costly risks to government and taxpayers. It should not proceed.

Imagine buying a used car you already knew was a lemon, but was a car you've always wanted. Imagine taking it for a test drive and finding serious mechanical flaws and disturbing reports of problems at the offshore plant where it was assembled. Now imagine the salesman offering to fix those problems the moment before you sign the papers, without any idea of the final cost.

C-377 is that lemon, yet despite the obvious flaws, clear signs of trouble and the risks – known and potential – some MPs still want to buy it and send taxpayers the bill.

Government exposed to costly legal challenges

Testimony by the Canadian Bar Association, the Privacy Commissioner of Canada, and other authorities warned that **C-377** encroached on provincial jurisdiction, violated privacy rights, threatened freedom of association under the Charter of Rights and Freedoms, contravened provincial privacy laws, and posed a clear threat to commercial privacy and private business practices.

This after the legislation had already undergone substantial revisions. When first introduced in the House of Commons, it was ruled unacceptable because of legal errors (the sponsor didn't understand what he was doing). Now, despite the introduction of last-minute amendments -- there are more pages of amendments than there are clauses in the final proposal -- issues of constitutionality, privacy and Charter rights remain.

The Cost to Taxpayers... cannot be determined.

Both the Canada Revenue Agency and the Parliamentary Budget Officer were asked to estimate the cost to set up and operate the new government program **C-377** would create. Both agree that the provisions of **C-377** are too unclear to provide a reliable guess of the cost to taxpayers.

Over two reports, the CRA has estimated set-up costs ranging from \$2.4 million and over \$20 million. Operating costs were pegged at less than \$1 million each year in one report and at just under \$4 million per year in another. However both reports assume that **C-377** requires less than 1,000 reports be submitted every year. There are currently more than 25,000 unions, union locals and organizations.

The Parliamentary Budget Officer says **C-377** is so nebulous that the costs cannot be guessed at this time, although he contends that the Canada Revenue Agency has seriously underestimated the costs by underestimating the number it could process (he suggests over 18,000 reports).

In the United States, the government department that manages its electronically-filed union financial reporting had a budget of \$41.29 million and 249 full-time staff in 2012 and has requested a budget of \$41.77 million to operate through 2013. It represents a more realistic picture of what a new division at the CRA would require to collect, audit, and administer the volume of highly detailed reports each year from Canada's more than 25,000 unions, locals, lodges, councils, etc.

The bottom line for MPs is that **C-377** has a history of unpleasant surprises, from mistakes in drafting to fundamental misunderstandings of the entities it intends to regulate. Handing taxpayers a multi-million dollar boondoggle at a time of deep budget cuts and government promises that the priority is to "create jobs and growth" is a risk not worth taking.

THINK AGAIN

“ As we prepare for budget 2012, it is clear to me that this is not the time for dangerous and risky new spending schemes that will increase deficits and raise taxes.

We know that Canadian families are worried about their jobs and their financial security. That is why our top priority will be continuing to create jobs and growth. ”

Hon. Jim Flaherty, P.C., M.P.
Minister of Finance, in the Canadian Press
January 11, 2012

“ Stephen Harper’s government is shutting down the coast guard station on the Vancouver harbour, Canada’s busiest waterway, in order to save \$900,000 a year. The government shut down the St. John’s Search and Rescue Call Centre to save \$1 million a year. Ottawa is also laying off food inspectors and corporate tax auditors, and it is not following up on billions of dollars of lost revenue stashed away in offshore tax havens...

It is beyond comprehension that the Prime Minister and the Finance Minister are prepared to squander tens of millions of taxpayers’ money on a law that legal experts say is so onerous that it should be withdrawn. ”

Ken Georgetti, C.M., O.B.C.
President, Canadian Labour Congress, op-ed
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