



Writers Guild of Canada

**WRITERS GUILD OF CANADA WRITTEN SUBMISSION TO  
THE STANDING COMMITTEE ON FINANCE**

**REGARDING PRIVATE MEMBER'S BILL C-377  
(PUBLIC FINANCIAL DISCLOSURE FOR LABOUR  
ORGANIZATIONS)**

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October 17, 2012

**Introduction**

The Writers Guild of Canada (the WGC) is the national association representing over 2000 professional screenwriters working in English-language film, television, radio and digital media production in Canada. Our members are freelance screenwriters and creative entrepreneurs. These screenwriters are the catalysts for the \$3.2 billion of GDP that Canadian film and television brings to the Canadian economy.

The prime occupation of the Guild is to negotiate, enforce, and administer collective agreements setting out the minimum terms and conditions of work in the Guild's jurisdiction – independent English-language production in Canada. The Guild also provides industry standard writing contracts, ensures contracts comply with the collective agreements, pursues royalties and resolves disputes on working conditions, payments and writing credits. As the voice of Canadian screenwriters, the Guild works to raise the profile of writers through a number of marketing and advocacy initiatives. The Guild actively promotes writers and their craft by publishing Canadian Screenwriter magazine and a Directory of Members, holding the annual WGC Screenwriting Awards, and organizing training seminars and networking opportunities. The Guild administers the Bell Media Diverse Screenwriters Program to train diverse screenwriters and expand the talent pool. The Guild also undertakes extensive policy projects, working closely with government agencies such as the CRTC, Canada Media Fund and Telefilm Canada to promote Canada's indigenous film and television industry and the screenwriter's place in that industry.

Several years ago, the Guild also established the Canadian Screenwriters Collection Society (CSCS) to collect and distribute foreign authors' levies legislated for screenwriters from secondary uses in Europe and other jurisdictions. Membership in CSCS is free for all WGC members at their option. CSCS currently has over 1200 members.

The WGC and the CSCS are both extremely concerned about the potential damage that Bill C-377 could have on the organizations, their members and the labour sector of the economy.

### **Dangers of Bill C-377**

Bill C-377 proposes that every labour organization, such as the WGC, or trust or fund with members who belong to a labour organization, such as CSCS, would report to the government a detailed listing of financial transactions. This listing would include such things as staff salaries, payments to independent contractors and all disbursements over \$5,000. The WGC and CSCS would have to include a great deal of detail about who the recipient was and what the payment was for. The financial data would be held in a publicly searchable database that the government will have to build for this purpose. Making this kind of detailed and sensitive information publicly available carries with it a tremendous potential for harm.

The WGC and CSCS are in fact shocked by the extent of the reporting that will be required by this Bill. Examples of what would be covered by Bill C-377 demonstrate its potential for harm. Details of settlements of contract disputes between producers and WGC members would have to be disclosed. Royalty payments collected by CSCS would have to be disclosed. Payments to legal counsel engaged to help with arbitrations, negotiation of collective agreements or termination of staff would have to be disclosed. Payments to providers such as photocopier suppliers, landlords, internet service providers, phone services etc. would all be disclosed. Individual staff salaries would also be disclosed. The sum effect of this disclosure would be irreparable harm to the privacy of individuals, undermining of the legally negotiated collective agreements and attacks on the competitiveness of suppliers.

We see no public benefit to this kind of disclosure. Why does the public need to know how much the staff of the WGC is paid to provide services to WGC members? Why does the public need to know how much some screenwriters earn from secondary royalties from distribution of their program outside Canada? Does it really benefit the public to know which producers tried to avoid making payments under a contract for services but were forced to after arbitration? We have not heard any clamour for this information nor can we imagine what good it would do members of the public to have this information.

What problem is this Bill is trying to solve? Is there any evidence to suggest that there is a need for this Bill? In his website ([www.c377.ca](http://www.c377.ca)), Russ Hiebert, M.P. (South Surrey-White Rock-Cloverdale), sponsor of Bill C-377 states that “The public will be empowered to gauge the effectiveness, financial integrity and health of Canada’s unions.” Why should the public need to gauge the effectiveness, financial integrity or health of a union unless they are a member of that union? They are not entitled to a financial review of professional associations such as the Law Society of Upper Canada or the Canadian Medical Association. We can see no reason that they should be entitled to question the health of the Chartered Accountants of Canada or the Royal Architectural Institute of Canada. The public in general is not affected by the financial integrity of any of these professional associations, nor are they affected by the financial integrity of labour organizations.

If members of the public are also members of a labour organization they already have recourse if they have concerns or complaints. Labour organizations are governed and regulated by provincial law. More importantly, the WGC is a democratically run membership-based organization that answers to its membership for all of its activities. The WGC earns its revenues from membership dues and administration fees from member engagements that are negotiated under collective agreements. The entire revenue system works under a regime of checks and balances. If the WGC administration does not do its job appropriately then members leave and/or they do not work and either way revenue goes down. Under the WGC constitution audited financial statements must be filed with members each year and are available for their review. The constitution, bylaws and collective agreements may only be amended by members and ratified by their votes. WGC staff have no votes at any time.

Collective agreements provide members with transparency, accountability and the ability to influence the labour organization through elected representatives. WGC members elect delegates to the fifteen member National Forum which meets annually with National Council and WGC staff but more frequently with members in the delegates’ regions. National Forum provides opportunities to hear about the activities of WGC staff on members’ behalf but also to ask questions and raise concerns. WGC members elect representatives to the seven member National Council which meets quarterly and as needed to set policies and provide guidance to WGC staff. WGC Council members also serve as CSCS Council members. WGC staff conducts regular member meetings during which any member can ask questions about WGC activity. While certain information, such as royalty payments to members, is sensitive and is never

disclosed to members, the aggregate data and its relevance for members are regularly reported. Other sensitive information such as staff salaries, budgets and cost reports, are reserved for review by the members' representatives on National Council.

On the other hand, there is great potential for harm should this extremely private and sensitive information subject to Bill C-377 become publicly available to competitors, other labour organizations, other screenwriters or producer organizations among others. Financial data can impact an individual screenwriter's negotiations with a producer (e.g. offering a low fee when a search reveals that the screenwriter just earned a large amount of royalties and doesn't need the money, or conversely, a search reveals no large royalty payments and therefore the screenwriter really needs the money). Such data can also affect overall negotiation strategy during collective bargaining (e.g. revealed through which legal counsel has been hired and when they started to work). A producer accessing information about a writer's arbitration settlement may assume (falsely) that the writer is difficult to work with and not hire them. A producer might also access information about a writer's medical expenses and not hire them for fear they may be or become ill. Independent contractors such as consultants, legal counsel and accountants will not want to provide services to labour organizations if their rates and billing practices will cease to be confidential.

In fact, it appears to us that so much confidential personal information would be revealed as a result of the disclosure requirements of Bill C-377 that the bill would contravene provincial and federal privacy laws. We find it hard to believe that the government would allow the passage of a bill that would immediately be subject to multiple court challenges.

Russ Hiebert, M.P. (South Surrey-White Rock-Cloverdale), says that the cost of administering this bill will be negligible. Respectfully, that is unlikely. The government will have to create a publicly searchable database that is more complicated than the one created for the Long Gun Registry, which cost \$90 million to build. Even though the idea is to have forms that unions will fill out and submit directly to the database, we can tell you from experience with these sorts of databases that the process is not that simple. There will be errors. It will have to be maintained by staff to deal with those errors and questions from unions and from the public trying to use the database. No database runs itself.

On their part, labour organizations will have to hire additional staff to handle the reporting. The Canadian Labour Congress estimates that reporting will cost 2%

of its revenues and for a small organization such as the WGC we estimate that the cost will be more than that, particularly in the implementation year. There is no minimum size for full detailed reporting as there is with charities under the *Income Tax Act* or with cable companies under the *Broadcasting Act*. Small labour organizations such as the WGC, which has 2000 members, have the same reporting obligations as the new Canadian Auto Workers, which will have 300,000 members once its merger with the Communications, Energy and Paperworkers Union of Canada is complete, but without the same ability to absorb the increased cost of reporting. As non-profit organizations struggling to maintain services in recessionary times, a reduction in revenue means fewer services for members. For the WGC that could mean one less steward to administer contracts and ensure that screenwriters are paid the appropriate amount on time. For CSCS it could mean less time spent chasing unpaid royalties around the world or delays in getting out cheques once they have been collected.

### **Conclusion**

The WGC cannot see the public need for Bill C-377. There is no problem that it is seeking to solve. The small business entrepreneurs who are the WGC membership have no problem with how the WGC is run. If they do, they can always fix it with their votes or run for elected office. On the other hand, the Bill has the potential to cause a great deal of harm to the membership and to all businesses that work with the WGC. It would be irresponsible of the government to pass this bill given the amount of personally identifiable private information that would become available to any member of the public. The cost of the database is not negligible to the government nor to the labour organizations and trusts that would be required to file their financial data. This bill is so flawed and provides so little public good that it should be withdrawn or defeated.