

Defence Fund Report

Date: October 31, 2018

To: CAUT Council

From: Ted Binnema, President

Greetings to all CAUT Council delegates! I am pleased to provide you with this report of the Defence Fund's activities.

The CAUT Defence Fund Annual Meeting was recently held in Montreal on 13 October 2018. This event includes a Member Unions Meeting and a Trustees Meeting, both held on the same day. For your information, mandate of trustees is to represent the interests of their union at the Member Unions Meeting, and to represent the interests of the Defence Fund at the trustees meeting.

I will remind you that the CAUT Defence Fund is an affiliate (not a branch) of the CAUT. Its membership has now increased, to 60 member unions (Simon Fraser University Faculty Association being the most recent addition). Founded in 1978, its primary mission is to provide strike/lockout pay to certified member unions. Secondly, it also provides member unions with lines of credit and loans to ensure health benefit continuance during a strike, it covers up to \$50,000 (raised from \$35,000 this year) of the costs of mediation, arbitration, and bad-faith challenges, and it provides moral support through flying pickets during strikes.

Much of the agenda for these meetings included routine items of business, although a number of motions are worthy of particular note. The trustees approved a motion to increase the maximum reimbursement of mediation and arbitration costs related to bargaining from \$35,000 to \$50,000 (See articles 7.2.4c and 7.3.1c of the Standing Rules and Regulations [Strike Mediation and Arbitration Benefit]). This is the first increase in the benefit since it was established 15 years ago.

You should know that the Defence Fund stands at a balance of somewhat over \$29.7 million (31 May 2018). This is an increase of more than \$2 million over the past year, which is attributable to the fact that there were no strikes among member unions in the past twelve months.

The money in the fund is invested in conservative funds where it can easily be liquidated if needed. For your information, because it is impossible to predict strikes, the CAUT Defence Fund does not budget for strikes. Thus, the trustees approved a budget for 2018-19 that projects a surplus of \$2.7 million, but any strikes could easily put us in deficit. For example, it took only a three-week strike at the University of Manitoba in 2016 to produce a (small) deficit in the 2016-17 year. Several strikes at large universities could deplete the fund quickly.

Each year, there is considerable discussion about whether the Defence Fund is healthy or not. In that light, the trustees approved a request by the Policy and Planning (P&P) Committee to spend up to \$25,000 (though the expectation is that the cost will be much lower) to engage the services of an actuary, or other professional, for the purposes of determining the most appropriate manner of assessing the health of the Defence Fund. We expect to receive this report within the next year.

At next year's meeting, the Investment Committee will present a proposal for the trustees' consideration, which, if approved, would allow the Defence Fund to invest up to a maximum of 10% of new monies in Canadian equities. The proposal will include clear investment policy/guidelines to be followed. At present, rules stipulate (Standing Rules 4.2.1 and 4.2.2.) that funds can only be invested in "government obligations ... that meet Canada Deposit Insurance Corporation requirements," and that they invest "with an equal percentage maturing in one, two, three, four and five, six and seven years."

I think that it is important to know that strike mandates only infrequently lead to strikes. For example, between 13 October 2017 and 14 October 2018, there were 13 requests for strike benefits that most often include taking a strike vote. Although two disputes remain unresolved at the time of writing (at Memorial University and Western University), there were no strikes in those twelve months. There were ten benefit requests among member unions in the 2016-17 year, but in eight of ten cases contracts were settled without a strike (there were strikes at Laurentian and Manitoba). In short, the evidence shows that the willingness of faculty members to prepare for strikes and take strike votes is usually enough to cause many employers to back down from unreasonable bargaining positions.

Next year's meetings will be held at the InterContinental Hotel in Toronto, 5 October 2019.

Finally, I wish to give thanks to the past President Tom Booth for his years of service to the Fund.

Respectfully submitted,

Ted Binnema
President, CAUT Defence Fund

For your information, the table below shows the expenses related to strikes and lockouts going back to 1996.

**Cost of CAUT Defence Fund's support of faculty associations
in case of strike and lock-outs
2018-1996**

| For fiscal year ending 31 May | Strike Benefits | Strike Support | Mediation/Legal | Total |
|--|------------------------|---------------------------|------------------------|------------------|
| 2018 | 257,664 | 9,260 | 66,778 | 333,702 |
| 2017 | 1,990,042 | 45,004 | 28,578 | 2,063,624 |
| 2016 | 394,800 | 72,505 | 58,861 | 526,166 |
| 2015 | 254,100 | 43,993 | 131,799 | 429,892 |
| 2014 | 1,130,976 | 65,855 | 0 | 1,196,831 |
| 2013 | 606,312 | 30,886 | 32,320 | 669,518 |
| 2012 | 894,880 | 92,090 | 66,125 | 1,053,095 |
| 2011 | 1,048,960 | 76,922 | 39,295 | 1,165,177 |
| 2010 | 0 | 0 | 0 | 0 |
| 2009 | 1,215,731 | 105,704 | 37,004 | 1,358,439 |
| 2008 | 1,649,520 | 174,078 | 70,000 | 1,893,598 |
| 2007 | 0 | 283 | 37,631 | 37,914 |
| 2006 | 270,172 | 20,333 | 38,566 | 329,071 |
| 2005 | 0 | 0 | 0 | 0 |
| 2004 | 114,780 | 32,359 | 0 | 147,139 |
| 2003 | 0 | 0 | 0 | 0 |
| 2002 | 719,050 | 31,397 | 0 | 750,447 |
| 2001 | 226,200 | 21,464 | 0 | 247,664 |
| 2000 | 502,120 | 43,656 | 0 | 545,776 |
| 1999 | 93,480 | 18,644 | 0 | 112,124 |
| 1998 | 53,428 | 0 | 48,000 | 101,428 |
| 1997 | 1,891,160 | 16,905 | 15,000 | 1,923,065 |
| 1996 | 699,152 | 14,750 | 5,686 | 719,588 |