

# news from CUASA

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Editor: Jon Alexander

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## STAN JONES IS PRESIDENT-ELECT

Professor Stan Jones of the Department of Linguistics has been acclaimed to the office of President-Elect of CUASA. He assumes this office immediately and will start his term as President on July 1st, 1984. This is not Stan's first service to the membership of CUASA. He has been a Council Representative, member of the Steering Committee, Salary Chairman, Chief Negotiator and a member of the Finance Committee. Stan's willingness to assume further duties is greatly appreciated.

## EXTENDED HEALTH CARE AND DENTAL PLANS

After assessment of claims experience, Great-West Life has confirmed rate increases of 9.4% for Extended Health Care and 21.5% for the Dental Plan (the latter increase does not apply to major restoration rates introduced March 1st). Steering Committee authorized the increases at its meeting of March 11th.

These premium increases take effect March 1st. As premiums are paid one month in advance, there will be a double deduction of the increase on the end of March paycheque. In accordance with Article 40.3(a), these increased costs will affect the cost-sharing arrangements for OHIP.

## CONFERENCE

CAUT has sent us brochures and registration forms for an April Conference in Edmonton.

### THE BUSINESS COMMUNITY AND THE UNIVERSITY: THE NEED FOR COLLABORATION

April 17-19, 1983 - Edmonton, Alberta,  
Four Seasons Hotel

Sponsored by:

- Institute for Research on Public Policy
- CAUT
- Confederation of Alberta Faculty Associations
- Association of Academic Staff, University of Alberta

If you would like to have a brochure, please call the CUASA office at 6387 or pick one up at 447 St. Pat's.

## UNIVERSITIES IN THE EIGHTIES

Donald C. Savage, Executive Secretary, CAUT

*This guest editorial is based on a paper prepared for the Canadian Sociology and Anthropology Association, June 6, 1982 and is taken, with thanks, from the Brock University Faculty Association's February newsletter.*

The future of the universities in the eighties depends very much on the economic climate and the perception of it by the faculty, students and general public. For the purposes of this paper, I am assuming that the current recession will continue at about the same level for a number of years. If the recession deepens into a full depression, or if prosperity returns, some of my conclusions will have to be revised.

(OVER)





## UNIVERSITIES IN THE EIGHTIES (continued)

One of the significant aspects of the current recession is the coincidence of large sums of money in private and public hands with significant increases in unemployment, business failure and attacks on certain forms of governmental expenditure. In Ontario, for instance, the provincial government had no trouble in finding \$650 million to buy into Suncor. The federal government and the province of Alberta recently found seven billion dollars for the oil industry which still complained that it was not enough. At the same time the federal Minister of Finance has indicated to CAUT that he probably will not fund the Natural Sciences and Engineering Research Council to the level required by its five-year plan, and the government of Ontario proposes to cut several thousand university faculty over the next few years who could, in fact, be maintained in their jobs for the price of the downpayment on Suncor shares.

It is not surprising that the recession should produce a resurgence of a certain type of conservatism. The Great Depression, despite its reputation as an era of left-wing activity, was in Canada a period of conservative political success at both levels of government. The CCF may have been founded in the thirties but it did not come into power in Saskatchewan until 1944. The thirties saw the rise of Duplessis in Quebec and Aberhart in Alberta, the election of a Conservative government in Saskatchewan, the defeat of the Bennett New Deal and the onslaught by the Ontario government on the unions affiliated with the CIO. People are fearful and cautious during bad times, and the extreme Right can play on these fears without too much difficulty.

The current attack on the public sector is part of this general phenomenon. At the moment this takes the form of curtailing salaries and the right to strike. But even the Globe and Mail admits on its front page that freezing the salaries of federal civil servants will not have much effect on the economic situation of the country. This, however, ignores the likelihood that the attack on civil service salaries is the beginning of a process that is designed not only to reduce the status of civil servants but also to undercut the programs they administer. The loud applause and evident support at the recent Progressive Conservative Party conference for demands to return medicine to the private sector and to make education private at all levels suggests the current trends. Conservatism has obviously been captured at the rank and file level in both the Conservative and Liberal parties and in the media by the reaganite point of view. No doubt Canadians will express some disdain for the crudities of the American political system and some contempt for the intellectual qualities of President Reagan while they engage in exactly the same process.

Faculty members and university administrators have been slow to see themselves as potential victims. Indeed I expect that a large number at the moment would support many aspects of Reaganite conservatism, especially the attack on the federal and provincial civil servants.

But recent events in Ontario and Quebec show that the universities are not exempt. Many hundreds of millions of dollars can be returned to the pockets of the wealthy, whether corporate or individual, if the universities were scaled down to the size they were in 1945. This can be done in a variety of ways, most of which have been used by the government of Margaret Thatcher in the U.K. The faculty can be divided by focusing grants on engineering and business administration while mandating cuts in humanities, social sciences, health research and the like. There may be some surprise that bio-medical research may be considered expendable, but certainly it does not appear to be a high priority for the current British government.

Governments can force overall reductions directly, as in the U.K., or indirectly, as in Quebec and Ontario. They can also restrict accessibility either by simply mandating fewer places, as in Britain, or by a drumbeat of publicity about the lack of value of a university education when compared with strictly vocational education or about the alleged incapacity of most Canadians to undertake university work. This would have the effect of entrenching the longstanding failure of Canadian universities to recruit significant numbers of students of working class origin and would probably reduce the gains in admission made by women and those of ethnic origin other than Anglo-Saxon since the Second World War. The Dodge Report and similar manifestations should be seen in this light.

Finally, faculty members find it hard to believe that their colleagues who become university administrators would acquiesce in such policies or indeed use the crisis to undermine the position of faculty and students in the university. They find it hard to believe because it demonstrates that collegiality in many universities does not reach to the fundamental power structure of the university and that roles, in fact, tend to dictate the actions of people. Some university administrations in the eighties will not only acquiesce in cutbacks but will also use the crisis to increase bureaucratic power in the university civil service. This is one of the reasons for the attack on tenure, the demand for more sessional lecturers without significant contractual protection, and the like. Flexibility is the codeword for this purpose. Faculty and students will have to develop methods to change the role of administrators if they wish to avoid this pernicious development. This may involve the revitalization of bodies such as the senate, more emphasis on the job



UNIVERSITIES IN THE EIGHTIES (continued)

evaluation of administrators by faculty, students and support staff, and more ability to remove unwanted administrators.

Faculty have at hand other instruments to help counter the trends I have noted above. These were not really available in the thirties. I do not think that the use of these devices will transform the situation into one of milk and honey but intelligently used they can certainly blunt the storm to come.

The first of these is local organization. Faculty associations did not really exist as significant organizations fifty years ago. Today those with certification or the equivalent in British Columbia can take significant steps to protect their members from sudden and quixotic redundancies. The contracts at Windsor, Carleton, Bishop's, Trent, Laurentian and the Technical University of Nova Scotia point the way. Furthermore collective agreements can provide a clear legal basis for tenure regulations, the practice of academic freedom, non-discriminatory administration, and the use of part-time sessional appointments which can only be changed by mutual agreement. In addition, collective bargaining allows the right to strike. This will not be undertaken lightly by most faculty associations, but undertaken it will be -- as events at Laval and the Technical University of Nova Scotia show. It is important that this right not be squandered but focused on situations of real importance.

A faculty association that actually exercises power within the university is much more likely to be able to have a significant political role in the community since most politicians recognize paper tigers when they see them.

The same is true of student organization. Faculty members frequently dismiss student organizations as chaotic, either too radical or too conservative and devoted to certain causes which can produce unease among academic staff. But it seems to me that it is important that students become better organized. Faculty can do little about the essence of this since the student body either will or will not be able to throw up effective leaders. But once the leaders are chosen, faculty should cooperate with them on the issues that bring the community together with a realistic understanding that there will be issues that divide us. As the economic situation of the university worsens, one hopes that the former will significantly outnumber the latter. Student organization is particularly important in the lobbying sphere -- a matter touched on below in this paper.

Organization may well improve matters on the campus. But it cannot stop there since more and more crucial decisions about the universities are being made by the provincial and federal governments. As a consequence, political activity of various forms is essential. CAUT, AUCC, the Canadian Federation of Students and the various federations of learned societies have gradually in the last few years become more and more involved in the lobbying process. Typically this involves group action on a particular issue of concern to the university community. There is a surprising range of these, from taxation matters to censorship, from admission to the country to federal/provincial fiscal arrangements. Such lobbying must involve both professional expertise and the presence of a group of people who are willing to devote some time and effort voluntarily to the process. It involves the first because successful lobbying requires a sustained daily presence and the creation and maintenance of adequate statistics and profiles on those being lobbied. It needs the latter because politicians and civil servants want to know whether or not professional lobbyists represent anyone other than themselves. It will also involve seeking alliances beyond the university, perhaps with community college and school teacher organizations, organized labour, or other professional bodies.

In my view lobbying must proceed beyond simply the well-organized presentation of a particular cause. It must also involve itself in provincial and federal elections. Many of the learned societies and their federations cannot do so because they are charitable foundations and may lose their status. But CAUT AND THE Canadian Federation of Students can certainly do this type of work. This has, in fact, already taken place to a limited degree. CAUT has, in conjunction with local faculty associations, lobbied candidates at election time and printed their responses for the local membership. I suspect that to be really effective CAUT and the faculty associations will have to consider endorsing candidates who are particularly sympathetic to the university position. It is frequently suggested that none of this matters since university professors are such a small community. But this is not true if one thinks in terms of a university community interest involving faculty, students, support staff, administrators and their families. We should look with some care at the involvement of our counterpart organizations in the U.S. in the recent Congressional elections.

Dave Barrett, former Premier of British Columbia, spoke to the CAUT Western Regional meeting this year. He suggested that delegations and briefs were fine but participation in the political process itself was likely to produce more results. By that he meant that university professors should involve themselves as active members of the political party of their choice and work with their faculty associations to ensure that the local candidate



## UNIVERSITIES IN THE EIGHTIES (continued)

supported a position favourable to the university. The local faculty association should be represented at every nomination meeting and ensure that the hard questions are put to the candidates and the answers recorded. They should be at press conferences and community meetings for the same purpose. As Mr. Barrett pointed out, we are one of the few groups in society who do not seem inclined to fight politically for what we think is right. Everyone else does. It is not surprising that we are sometimes left at the post.

## REASONABLE DEDUCTIONS - What to think about before the taxman comes

BY DOUGLASH. HEUMAN, CA

Douglas Heuman is a member of The Institute of Chartered Accountants of Ontario. He is with Arthur Andersen & Co., Chartered Accountants, Toronto.

Where the Income Tax Act clearly defines what taxpayers may and may not do, the opportunities for seeking the maximum financial benefits are sometimes limited. But, where there is a gray area, people familiar with Revenue Canada's policies and practices often manage to derive benefits that are lost to others.

Such a gray area is in the tax treatment of conventions, meetings, training sessions or other events which a company requires its employees to attend.

These expenses are almost always deductible to a company, within limits, because they are incurred for business reasons. But what varies considerably - and where planning ahead pays off - is whether they are considered "taxable benefits" to an employee, and if so, to what extent.

The difference is that an employee could be assessed for a taxable benefit he doesn't expect if his employer runs afoul of one of the policies or assessing practices of Revenue Canada. That is the downside of the employee benefit question.

The upside is that, by judicious planning, a company can often provide a worthy employee with a tax-free perk, or, at least, a benefit that will attract minimal tax. This is particularly desirable in the current era when companies are looking for ways to reward employees without running afoul of Ottawa's "6 and 5" wage guidelines.

Let's look first at conventions, the largest and most complex area. A convention is a formal meeting for professional or business purposes other than training. The only limit, mentioned above, on a company's ability to deduct convention costs is that only two conventions a year are allowed - in theory.

However, as a matter of policy, Revenue Canada allows two conventions for each division within a company if the company registers in its own name at the convention. Hence, the manufacturing division is allowed two conventions, the marketing division another two, the accounting division two more, etc. In addition, the company can send its employees to as many conventions as it wants.

### The role of spouses

From the employee's viewpoint, there will be no taxable benefit in most cases as long as the employer requires him to attend the convention and pays him (or reimburses him later) for reasonable costs incurred. This includes home-town conventions. The same goes for the employee's spouse providing the company requires the spouse's attendance and the main objectives of the trip. It is common, for example, for couples to attend conventions together where suppliers and sales people can mingle at cocktail sessions.

But, if the company agrees to pay for sending an employee's children to a convention, the employee is considered to be receiving a taxable benefit because there can be no business purpose for the children's attendance.

In this case, the employer will usually include the portion of the trip attributable to the children as a taxable benefit on the employee's T4 information slip the following February. The employee then includes that amount on his income tax return.

There are several criteria Revenue Canada uses to challenge an employer's claim that there should be no taxable benefit to an employee for attending a particular convention.

For a start, Revenue Canada looks very carefully at claims regarding conventions held in "recognized holiday areas" or at distant locations to see whether these are, in fact, paid holidays. A convention in Hamilton will raise no eyebrows; but one in Acapulco may get closer scrutiny.

A fun-in-the-sun location for a convention could induce Revenue Canada to pro-rate the expenses incurred to assess some benefit against the employee, but generally not the total expenses.

Another thing the department looks at is the territorial scope of the business or professional organization holding the convention. The Institute of Widget Makers of Ontario may not get away with holding a convention in Jamaica, for instance.

Another criterion Revenue Canada uses in deciding whether a convention will be partially a taxable benefit to an employee is the degree of formal structure. Although there are no written policies or rules, Revenue Canada would

consider at least six hours a day of scheduled meetings each day as the minimum for a full "working convention" that won't attract tax to the employee.

If you have only four hours a day scheduled for the five days of a convention, the department may decide that half of the expenses will be a taxable benefit. The lesson here is to structure the time for maximum advantage to the employee.

### Assess the convention/vacation

It is common to tack on a week's vacation at the end of a convention. In this case, Revenue Canada will usually ensure that the employee is assessed for a taxable benefit for the portion of the expenses related to the vacation. If the primary purpose of the trip was vacation, the department may aggregate all costs of the convention and vacation (including air fares) and assess a benefit based on the number of hours of formal structural sessions as a percentage of normal workday hours.

Generally, Revenue Canada will be amenable if you come up with a reasonable basis for assessing part of the expenses of a convention/vacation.

As for self-employed professionals and business people, they are limited in their expense claims to the two conventions a year. The conventions must be attended by a taxpayer in connection with his or her business or professional practice,

though the person does not necessarily have to belong to that organization.

The convention can be outside Canada if it is an international organization related to your practice or business. Where a vacation is tacked on to the convention, a "reasonable basis" for claiming expenses is again the key.

The second area where the question of taxable benefit arises is intra-company meetings, seminars and training courses. What is meant here is a classroom format wherein attendance is to learn a subject in accordance with a syllabus and where those attending are expected to study textbooks, prepare assignments and take tests.

The usual rule is that if the employer requests it and pays for it, it is not a taxable benefit. One of the few times a benefit might be assessed is when an

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## APARTMENT TO RENT - OTTAWA SOUTH

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