



Defence Fund Funding Options

Presented to Member focus groups

September 26 & 28, 2023

350 Albert St & Online



Welcome!

- Anti-harassment statement
- President's Welcome
- Session format
- Introductions - Please introduce yourself and state your position on the Defence Fund's level of funding and why you feel it should be increased, stay the same, be abolished, or why you are undecided.



Context

- Member's resolution passed after the 2022 Annual General Meeting requires CAPE to ...

Develop a plan to increase the Defence Fund annually, as designed in the original terms of reference

- Finance Committee proposes several scenarios to achieve this objective



CAPE's Defence fund at a glance

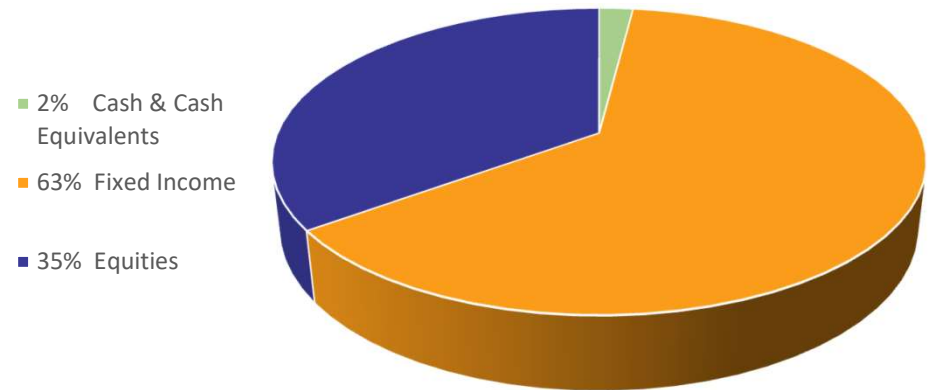
Members voted to create the Defence Fund in 2016 with an initial \$1 million investment.

In addition to this amount, 75% of any annual surplus has been invested in the Defence Fund.

The Fund reached \$9 million in 2022.

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Defence Fund Asset Allocations



Returns

Since Inception: 2.2%

Past 12 months: 6.6%

2023 Year-to-date: 5%



Principles and Parameters

- Options should reflect best practices from CAPE and other unions
- Funding mechanism should be revenue-neutral with current dues
- Revenue estimates are based on a CAPE membership of 25,000
- Regardless of the scenario, 75% of any annual budgetary surplus should be invested in the Defence Fund
- Defence Fund monies are invested and earn interest/dividends.



Scenarios



The following scenarios show options for financing the Defence Fund.

The Finance Committee wants your feedback to help determine the path forward.



Scenario 1 – Status Quo

- 75% of any annual surplus of funds is invested in CAPE's Defence Fund
- Annual funding generated: variable, annual funding not guaranteed
- Considerations
 - Revenue neutral with current dues
 - No guaranteed annual funding



Scenario 2 – Dedicate additional \$1 of monthly dues

- \$1 of current dues* invested per member
- Annual funding generated: \$300,000, plus 75% of any surplus
- Considerations
 - Revenue neutral with current dues
 - Provides guaranteed annual funding
 - Decrease in funds available to provide direct service to members

*NB: Current dues are \$48 per member per month



Scenario 3 – \$5 Special Levy

- Special levy would only apply when CAPE has a budget deficit.
- Levy would be applied starting in April following a year with a deficit, after CAPE's financial statements are audited.
- Annual funding generated: \$1 - 1.5 million* in the year following a budget deficit
 - Total depends on whether levy runs 12 months or to the end of the calendar year
 - 75% of surplus in years without deficits.
- Considerations
 - Option is not revenue-neutral
 - No annual funding if CAPE has a balanced budget (no surplus and no deficit)



Discussion

- **What are the strengths and weaknesses of these models, from your perspectives?**
- **Which option appeals most to you?**
- **What additional information would help you to make an informed decision?**



Next Steps

Focus Groups

Your feedback will be compiled and shared with the Finance Committee



Member Survey

All members will receive a short survey in October to gain their feedback on the scenarios.



Finance Committee Discussion

Finance Committee will receive all member feedback and recommend a path forward to be brought to the National Executive Committee



NEC Discussion

NEC Directors will decide whether to bring the matter to a vote after the Annual General Meeting





Annual General Meeting

Members will receive an update on the resolutions passed in 2022, including on this process.



Possible Vote

Members will weigh in during the voting period after the AGM, should the NEC put the funding mechanism to a vote.



Implementation



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THANK YOU

