TIME TO THINK BIG

THE CASE FOR FREE TUITION

October 2016

cfs fcéé | CANADIAN FEDERATION OF STUDENTS

CFS-FCEE.CA

Time to Think Big is dedicated to students around the world fighting for free tuition, and generations of activists who paved the way.

Time to Think Big was written by Joel Harden, and edited by Christina Muehlberger, Toby Whitfield, Sarah McCue, Peyton Veitch, and Emily Niles. We were grateful to also receive comments from Erika Shaker, Nora Loreto, Chris Roberts, and Doug Nesbitt. The French version of this paper was translated by Geneviève Charest, and proof-read by Joel Harden, Anne-Marie Roy and Sarah McCue.

CUPE 1281

TABLE OF CONTENTS

"We need a post-secondary education system that dismantles barriers instead of building them. A crucial first step is the fight for free tuition."

- Bilan Arte, National Chairperson, Canadian Federation of Students, 2016.

"Now is not the time for thinking small."

- Bernie Sanders, 2016.

In February 2016, the Canadian Federation of Students (CFS) prioritized the demand of free tuition, reaffirming this call in June for our Day of Action on November 2, 2016.

Why? Because it's time to think big.

It's time to change the legacy we leave in post-secondary education (PSE), and for our society in general. It's time to move beyond piecemeal reforms that reduce public funding and burden students with huge debt. It's time to defend universal access to public PSE, education justice for all learners and the value of public education for the public good.

We know that vocational training, and college and university education itself is not free; it requires significant investment. But the case for free tuition does not ignore the cost of education; it seeks to reduce that cost at the front end for students. It seeks a post-secondary system without barriers for those who study or work on campus. It seeks a system financed through a progressive system of income tax, not an arbitrary fee. The case for free tuition begins from this premise.

It continues by acknowledging that times have changed. In our dynamic world, PSE and training is not a luxury. Research indicates that 70 percent of jobs today require some form of PSE;[1] and for the insecure employment that dominates the remaining 30 percent of jobs, people want pathways to a better future. A skilled trade, college diploma, or university degree are required for a decent income, and a just society. All students deserve that opportunity, and Canadian society benefits from the skills people gain in getting there. That's why tuition fees and education do not mix; there is no "progressive" case for tuition in PSE, just like there isn't for elementary school, high school, or health care. We need universal access without up-front cost.

As this paper also explains, the pursuit of free tuition is part of our history. In the 1960s, the Canadian Union of Students took up this demand from earlier generations. They defended a free tuition precedent won by World War II veterans, when our PSE system was first changed from an elitist model.

More recently, Quebec students reminded us of this history.[2] In 2012, they rejected tuition hikes and resisted efforts to silence dissent. The government who opposed them was ousted after the largest student mobilization in Quebec's history. Since then, the ground has shifted in public debates. Where we once discussed band-aids for a broken system, we now see movement for a new system altogether.

In February 2016, the Government of Ontario announced a policy of "free tuition" for families earning less than $50,000 per year and rebates for households earning up to $83,000 per year.[3] Two months later, New Brunswick introduced similar legislation, effectively immediately, for families with gross incomes of $60,000 or less.[4]

A more ambitious plan was offered by Bernie Sanders in his recent bid for US President: eliminating tuition at state colleges, financed by a tax on financial speculation (that would raise $300 billion in revenue).[5] This vision prompted Hillary Clinton's campaign to adopt a version of the same

---

1 Association of Canadian Colleges, *Canada's Demographic and Advanced Skills Crisis: People Without Jobs, Jobs Without People* (August 2010).

2 See: Gabriel Nadeau-Dubois, *In Defiance* (Toronto: Between the Lines, 2015); "In Quebec It's Official: Mass Movement Leads to Victory for Students", commondreams.org (September 21, 2012).

3 "Free tuition" is written with quotation marks here because the initiative remains means-tested to the lowest income segment of Ontario's student population. See: Government of Ontario (Ministry of Finance), "Improving Access to Postsecondary Education", 2016 Ontario Budget (February 25, 2012): Nora Loreto, "Ontario Liberal Promise of Free Tuition Could Usher in Long-Held Dream of Privatizing the System" Rabble.ca (February 26, 2012); Ashley Csanady, "Sure, There Are (Some) Catches, but Ontario Really is Getting Free Tuition for Low-Income Students. Here's How", National Post (February 29, 2016); Alex Usher, "When is Free Tuition Free?" (Blog Post, March 1, 2016).

4 Government of New Brunswick (Office of the Premier), "Free Tuition for Low-Income and Middle-Income Families" (April 14, 2016); Government of New Brunswick (Student Financial Services, Postsecondary Education, Training and Labour), "Tuition Access Bursary" (April 14, 2016).

5 Robert Pollin et al., "The Revenue Potential of a Financial Transaction Tax for U.S. Capital Markets" (PERI Institute, University of Massachusetts, March 2016).

policy: free tuition at state colleges for families earning less than $85,000 (and this threshold would climb to $125,000 by 2021).[6]

Chile and Germany have returned to PSE systems of free tuition. Why? Because tuition was found to create barriers to learning and progressive taxation was preferred as a means for redistributing wealth. This idea is shared by fifteen other countries that have zero or nominal tuition fees in their PSE systems.

Today's momentum for free tuition tells us that **students have power.** Governments are turning to models of free tuition because students (and their allies) have mobilized and made a persuasive case to the general public. We can do this across Canada.

We can challenge decades of "fend for yourself" thinking in PSE policy — where tax cuts or RESPs were promoted over public funding for PSE — and remember we are strongest when working together. We can tell our grandchildren we fought for them, as earlier generations fought for us. We can be inspired by those fighting for strong PSE systems elsewhere and build a better system here. Inspired by these ideas, we make a case for free tuition in vocational institutes, colleges and universities.

Of course, the case for free tuition angers Canada's PSE establishment: the politicians, campus executives and consultants who defend the status quo. They claim free tuition privileges "well off students" and siphons public dollars for a "private benefit". They say free tuition is "costly" at a time when our society "can least afford it".[7]

But the opposite is true. Our existing PSE system privileges upper income students and wastes billions on ineffective strategies. Huge perks and salaries are given to those who run post-secondary institutions and to banks who profit from our broken system of student aid. If they say the system works well, it's no surprise; it works very well for them.

Left behind are students with crushing debt and post-secondary institutions starved of needed funding.
Left behind are those most marginalized on campus: Indigenous students, racialized students, international students, students with disabilities, queer and trans students, or workers in precarious jobs. Left behind is the opportunity and space for free inquiry given the ongoing commercialization of research and corporate control of resources on campus.

A free tuition model, in contrast, takes us back to an era when our PSE system expanded thanks to a more progressive tax system and strong public funding. A free tuition approach allows for better campus services, fairer wages and reinvestment in core funding for PSE, given the heights to which tuition fees have risen.

At what cost? $10.2 billion, or 0.6 percent of Canada's GDP.[8] To fund this investment, we support the revenue-generating proposals in the 2016 Alternative Federal Budget and recommendations made by Canadians for Tax Fairness. They involve following through on government promises, re-directing existing public expenditures and introducing forms of progressive taxation.

More specifically, in what follows, our case for free tuition is based on these arguments:

1. Our PSE system is broken;
2. We must learn from our history;
3. We need fundamental change;
4. Free tuition is possible.

1. Our PSE system is broken

The case for free tuition angers Canada's PSE establishment. Why? Because according to them, our PSE system is the envy of the world.

Canada, they note, has a high rate of post-secondary participation. In 2014-2015, a third of 19 year olds were enrolled in universities, while a quarter were enrolled in colleges.[9] Existing tax credits and student aid programs, they say, make our PSE system affordable. In fact, one analyst claims students pay "net zero" tuition when all forms of student aid are considered, which hardly suggests the need for fundamental change.[10]

That rosy picture, however, conceals an ugly reality. While many Canadians access PSE, they do so at a tremendous cost. From 2001-2014, revenues from tuition fees at

[6] The Clinton campaign has promised zero tuition immediately at state colleges for families earning less than $85,000 per year. By 2021, this will extend to households with incomes of less than $125,000 per year. See: https://www.hillaryclinton.com/issues/college/

[7] See: Jeff Collins and Ben Eisen, "Free Tuition No Magic Bullet" (January 7, 2015); Alex Usher, "Yet More Reasons Free Tuition is a Bad Idea" (November 4, 2014).

[8] See Appendix A to this this report for details.

[9] Statistics Canada, Education Indicators in Canada: An International Perspective (April 28, 2016).

[10] Alex Usher, "Canadian Students Pay Net Zero Tuition" (April 22, 2014); Alex Usher, "The Implications of Net Zero Tuition" (April 23, 2014).

colleges more than doubled (a 214 percent increase);[11] and from 2000-2015, revenues from tuition fees at universities nearly tripled (a 268 percent increase).[12] The consequence of this trend was a sharp increase in student debt.

In 2012, the last year for which data is available, public student loan debt was $28 billion (it was $19.6 billion in 1999),[13] but that number does not capture private loans, or fully account for high-cost programs (like aviation, engineering, law, dentistry, pharmacy, or medicine). Clearly, student aid programs have not stopped unprecedented levels of debt. Instead, while some measures help, a confusing federal-provincial system of student aid is wasting public funds and financially burdening recent graduates.[14]

In 2011, 42 percent of Canadians between 20-29 years old lived in their parents' homes, up from 27 percent in 1981.[15] In 2013-2014, 203,887 graduates couldn't make a single payment on their Canada Student Loans and this claim requires reporting pre-tax incomes of less than $20,000 per year.[16] In May 2016, Canada's Parliamentary Budget Officer noted that PSE is disproportionately accessed by higher income Canadians, with 60 percent of students coming from the upper 40 percent of income earners.[17]

We also know these income barriers interact with related forms of discrimination. For Indigenous students, it means broken promises. In 2011, Statistics Canada indicated that half of Indigenous adults aged 25-64 had a post-secondary qualification, compared to almost two-thirds of the non-Indigenous population.[18] The study also noted that Indigenous post-secondary graduates are concentrated in vocational institutes and colleges, while under-represented in universities. There is a connection between this reality and the barrier represented by higher tuition fees.

But wait, some might object, aren't Indigenous people entitled to free PSE given Canada's treaty obligations? While this is true for those deemed "status Indians" living on Reserves, it is not applied to Métis, Inuit, or Indigenous people living off Reserve Lands. And even for those who do qualify, Canada's poor record in meeting its treaty obligations has hurt Indigenous students. The Postsecondary Student Support Program (PSSSP) was created to help Indigenous Nations fund post-secondary students, but the number of students funded through the program has steadily declined (from 22,938 in 1997 to 18,729 in 2009), given a 2 percent funding cap that's been in place for 20 years.[19]

Because of this, Indigenous Nations face a cynical choice each year about who they decide to fund via PSSSP transfers, while many get left behind; in 2016, over 10,000 Indigenous students were on a waiting list for PSSSP funding. Prime Minister Trudeau has pledged to lift the PSSSP cap and invest an additional $50 million in the program annually,[20] but that did not happen in the 2016 Federal Budget.[21] Meanwhile, Indigenous people are mired in deep poverty given decades of broken treaty promises, but greater PSE access for Indigenous youth is a way this could change. Demographic trends indicate the Indigenous youth population is growing at three times the national average, but state policies to empower them are stalled.

For other racialized students,[22] whose families are disproportionately low income, high tuition fees reinforce existing social barriers to pursuing PSE.[23] The colour of poverty in Canada remains disproportionately black and brown, and higher tuition fees reinforce this problem. Charles C. Smith has noted how this happens in Canadian law schools, where exponential rises in tuition fees has deterred racialized students from changing a predominantly white profession.[24] But as the African Canadian Legal Clinic has noted, this starts with "safe schools" and "zero tolerance" policies in elementary and secondary schools which have led to high drop-out rates for racialized youth.[25] All too often, such disciplinary policies are applied to individual students without attention to social or structural issues and create barriers before many racialized students can attend PSE.

---

11 Statistics Canada, CANSIM 477-0060 (2016).

12 Statistics Canada, CANSIM 477-0058 (2016).

13 Statistics Canada, Survey of Financial Security (February 24, 2014).

14 Jordan MacLaren, It's Complicated: An Interprovincial Comparison of Student Financial Aid (Canadian Centre for Policy Alternatives: July 2014).

15 Anne Milan, Diversity of Young Adults Living With Their Parents, (Statistics Canada: June 15, 2016).

16 Government of Canada, Statistical Review: Canada Student Loans Program (2013-2014).

17 Office of the Parliamentary Budget Officer, Federal Spending on Postsecondary Education (May 5, 2016).

18 Statistics Canada, "The Educational Attainment of Aboriginal Peoples in Canada", *National Household Survey, 2011 Census (2013)*

19 Assembly of First Nations, "Fact Sheet: First Nations Postsecondary Education" (ND).

20 Liberal Party of Canada, "New Investments in Postsecondary Funding for Indigenous Students" (2015).

21 Bilan Arte, "Trudeau Fails to Deliver on Election Promise to Support Postsecondary Students", rabble.ca, (May 26, 2015).

22 The term "racialized students" refers to those on campus who are socially constructed as belonging to a given "race" by virtue of physical appearance, cultural practices and social assumptions. This process of racialization, however, is based a biological myth; there are no definitive categories of human beings that align with one's skin colour, eye shape, hair type, or cultural practices.

Still, race is a dominant category in our society and it is linked to historical forms of prejudice, discrimination and oppression. It is also linked to assumptions of white supremacy, where 'whiteness' is deemed "normal" or "appropriate". Anti-racist education begins by recognizing the social construction of race and challenging racism; this is far preferable to efforts which promote "colour-blindness".

For more background, see: University of Guelph (Human Rights and Equity Offce), "Understanding Racialization: Creating a Racially Equitable University" (ND); Elizabeth 'Betita' Martinez, "What is White Supremacy?" in Chris Crass and Catalyst Project, eds., Catalyzing Liberation Toolkit (ND).

23 Government of Canada (Employment and Social Development Canada), Snapshot of Racialized Poverty in Canada (August 16, 2013).

24 Charles C. Smith, "Tuition Fee Increases and the History of Racial Exclusion in Canadian Legal Education" (December 2004).

For those who do, systemic racism is everywhere: under-representation of racialized people as full-time professors, librarians and support staff and over-representation in low-wage work; the relative absence of serious analysis of race in course offerings, or adequate supports for students engaged in critical race studies; and repeated instances of racism on campus.[26] Heightened rhetoric around the global "war on terrorism" has also made Muslim or Arab students a target of Islamophobia. Tuition fees are another barrier for those facing Canada's ongoing and systemic troubles with racism.

Students with disabilities also face unique barriers with high tuition fees and this is true for physical and mental health needs. They take longer to complete post-secondary studies given reduced course loads and require accommodations that are often not present on campus.[27] The reality of needing to study longer without necessary supports is intensified under a PSE system with high tuition; this is likely why students with disabilities, much like Indigenous students, are concentrated in vocational institutes and colleges, where fees are lower and program duration is shorter. High unemployment rates for students with disabilities also intensifies the challenge of struggling with debt accrued from comparatively longer periods of study.[28]

International students suffer intense exploitation from differential tuition fees they must pay relative to Canadian students. In the late 1970s, the federal government promoted the notion of differential tuition fees for international students to increase revenue for colleges and universities. By 1982, six of ten provinces had pursued the option. Today, all provinces allow differential tuition fees and post-secondary enrolment for international students has tripled between 1992 and 2014.[29] Table 1 demonstrates what this means for three semesters of tuition at different post-secondary programs in Ontario.

For queer and trans students, high tuition means further oppression. The BC Poverty Reduction Coalition recently conducted a study which drew attention to high rates of poverty among queer and trans youth.[30] One in four reported being forced out of their homes given severe family conflict and being five times more likely than straight youth to go to bed hungry. If they make it to campus, trans youth face a lack of access to safe washrooms and life-saving medical procedures or accommodations. Tuition fees are yet another barrier for those who do not fit heteronormative assumptions, or a male/female gender binary.

TABLE 1: DIFFERENTIAL TUITION FEES (2016-2017)

INSTITUTION	DOMESTIC TUITION	INTERNATIONAL TUITION
St. Lawrence College (Kingston, ON) - Health Information Management	$5700.36	$26,475
Seneca College - Aviation Technology	$18,214	$71,723
University of Ottawa - Common Law	$26,560	$68,201.19
McMaster University - Medicine	$27,531.77	$95,955.02
Nova Scotia College of Art and Design - Post-Baccalaureate Certificate in Design	$3,822	$17,678
University of British Columbia - B.Ed.	$11,331.60	$48,958.20
McGill University - Bachelor of Arts	$2,328 (Quebec residents)	$15,942.90

Source: Tuition data at named institutions.

25 African Canadian Legal Clinic, "ACLC Policy Papers" (ND).

26 Sefanit Habtemariam and Sandy Hudson, "Canadian Campuses Have a Racism Problem", Toronto Star (March 1, 2016); Claire Theobald, "Racist Posters at University of Alberta Tell Men With Turbans to go 'Back Where You Came From'", National Post (September 20, 2016). Harriet Eisenkraft, "Racism in the Academy", University Affairs (October 12, 2010).

27 Standing Senate Committee on Social Affairs, Science and Technology, "Opening the Door: Reducing Barriers to Postsecondary Education in Canada" (December 2011), pp. 28-31; Liam Kilmurray, Neil Faba and Laurie Alphonse, "Access to Academic Materials for Postsecondary Students with Print Disabilities", Report for the National Educational Association for Disabled Students (May 2005).

28 Martin Turcotte, "Persons with Disabilities and Employment" *Statistics Canada: Insights on Canadian Society* (December 3, 2014).

29 Statistics Canada, CANSIM 477-0019 (November 2015).

30 BC Poverty Reduction Coalition, "Poverty is a Queer and Trans Issue" (2015). For a national report of a similar nature, see: Egale Canada Human Rights Trust, "Every Class in Every School: Final Report on the First National Climate Survey on Homophobia, Biphobia and Transphobia in Canadian Schools", (2011).

And no survey of our PSE system is complete without noting the growing prevalence of low-wage, temporary employment on campus. The post-secondary sector in Canada employs almost 400,000 people, a minority of whom are full-time support staff, librarians, professors, or administrators. But today 24 percent of jobs at colleges are temporary, while the figure reaches 39 percent at universities.[31]

Among these ranks are cleaners, food service workers and contract instructors who earn minimal wages despite performing crucial services. As a recent CBC documentary noted, most undergraduates are taught by people working short contracts.[32] Kimberly Ellis Hale, a Contract Instructor in Sociology at Wilfred Laurier University (and single mother of two kids), had this to say about her lot in life: *"I never imagined myself in this position, where every four months I worry about how I'm going to put food on the table."*

And yet, as Tables 2 and 3 explain, some are handsomely paid in our public PSE system:

TABLE 2: COMPENSATION FOR UNIVERSITY EXECUTIVES (2016)[33]

NAME	JOB	INSTITUTION	COMPENSATION (2016)
William Moriarty	Past-President, CEO	University of Toronto Asset Management Corporation	$1,475,281.14
M. Elizabeth Cannon	President	University of Calgary	$943,000
David H. Turpin	President	University of Alberta	$888,000
Arvind Gupta	Past-President	University of British Columbia	$598,942
Gary Kachanoski	President	Memorial University	$483,276
Richard Florizone	President	Dalhousie University	$449,929

Sources: Government of Ontario, Public Salary Disclosure List, 2016; University of Calgary 2015-16 Consolidated Financial Statements (see Note 21, Salary and Employee Benefits); University of Alberta 2015-2016 Consolidated Financial Statements [see Note 18: Salaries and Employee Benefits]; UBC Public Sector Executive Compensation Reporting (2015-2016); Dalhousie University Public Sector Compensation Disclosure 2016, Contract (2012): Dalhousie University and Dr. Richard E.J. Florizone; Contract (2014): Memorial University and Dr. Gary Kachanoski.

31 CUPE National, "Sector Profile: Postsecondary", (June 11, 2015).

32 Ira Basen, "Most University Undergrads Now Taught by Poorly Paid Part-timers", *CBC News* (September 7, 2014); Mary Wiens, "More Contract Work in Postsecondary Education - A Former Bastion of Secure Work", *CBC News* (March 5, 2015); Cynthia Field and Glen A. Jones, A Survey of Sessional Faculty in Ontario Publicly-Funded Universities (Centre for the Study of Canadian and International Higher Education: April 2016).

33 Moriarty's salary had increased by 550 percent since 2009 (when it was $268,178.81) and he announced his retirement from the University of Toronto Asset Management Corporation (UTAM) on April 15, 2016. UTAM manages the U of T's Endowment Fund, its Pension Master Trust Fund and its short-term investment pool (totalling $8.1 billion in assets by 2015). UTAM executives were the top four salaries in Ontario's university sector, grossing almost $3.1 million. This amount would fund free college tuition in the Yukon and Northwest Territories.

Dr. Arvin Gupta resigned as President of UBC following a internal dispute (see: Brian Hutchinson, "Former UBC President Breaks Silence About Mysterious Resignation", *The National Post* (January 29, 2016)). But Dr. Gupta's situation is part of a longer trend: eighteen university Presidents have either resigned or been fired in the last ten years (see: "UBC President's Resignation Latest in Trend of Failed University Leaders", *CBC News* (August 21, 2015). Dr. Gupta was replaced on an interim basis by Dr Martha Piper (a previous UBC President) and permanently by Dr. Santa J. Ono on August 15, 2016. UBC remains contractually obliged to pay Dr. Gupta his compensation for the 2016-2017 academic year.

TABLE 3: COMPENSATION FOR COMMUNITY COLLEGE PRESIDENTS (2016)[34]

NAME	JOB	INSTITUTION	COMPENSATION (2016)
Christopher Whitaker	President	Humber College	$455,256.76
David Agnew	President	Seneca College	$412,737.69
John Tibbets	President	Conestoga College	$411,369.85
Anne Sado	President	George Brown College	$360,951.40
Kathy Kinloch	President	British Columbia Institute of Technology	$300,079
Stephanie Forsyth	Past-President	Red River College	$256,726

Sources: Government of Ontario, Public Salary Disclosure List, 2016; Winnipeg Free Press; Board of Governors, BCIT.

The PSE establishment insists these salaries are required to recruit the best talent. But for students and parents dealing with tuition hikes, lavish executive compensation is obscene. It also sends a clear message to PSE workers: keeping campuses organized, safe and accessible is less important; teaching and research are also secondary concerns. What matters is ensuring strong leadership at the top and paying top dollar to get it.

A related problem is the way this culture of executive perks has evolved with ongoing corporate involvement in PSE. Historically, corporations took an interest in PSE to recruit workers and hone various research capacities. But in the context of huge funding cuts, corporate involvement on campus has reached new heights. As institutions scramble to raise funds, it is common for corporate CEOs to play key roles in campus governance and to influence research priorities and results. It has gotten to a point where, as one study explains, *"[t]he critical question is to what extent the corporatization of governance shifts the priorities and universities and colleges to reflect those of the private sector."* [35]

High fees, soaring debt, unequal access and precarious work: these are not the attributes of a high-quality post-secondary system. Despite what apologists for the status quo say, our PSE system is broken and it must be fixed.

2. We Must Learn From Our History

How did this happen? A review of our PSE system's history helps answer that question.

Today's high tuition fees and student debt reflect a major shift in our PSE system. Over time, as we noted earlier, it changed from enjoying strong public funding to a model where tuition plays a crucial role. This shift created the problems we face today.

Canada's PSE system first expanded in the years after World War II. In recognition of military service, the federal government extended grants for free tuition and living costs to returning soldiers. Between 1945-1946, university enrolment (no college system existed yet) surged by 46 percent, as 20,000 veterans entered the system. The following year, over 35,000 veterans enrolled.[36]

According to Canada's *Constitution Act of 1867*, PSE fell under the purview of provincial governments. But it was the federal government who funded a free tuition system for veterans and retained a critical role later for university funding and student aid. Almost immediately, our PSE system changed. Traditionally, as one historian notes, it *"… trained the children of the political elites; [and] served as a finishing school for their daughters and prepared their sons for admission to the liberal professions."* [37]

[34] The salary provided here for Dr. Stephanie Forsyth represented its level in 2014. According to the *Winnipeg Free Press*, Dr. Forsyth left Red River College "under a cloud" after submitting several questionable expense claims (including one instance of 'left over' granite from a campus construction project being used for Dr. Forsyth's own residence) and firing sixteen senior executives in four years. See: "RRC Discloses New President's Salary: $225K", *Winnipeg Free Press* (August 17, 2015).

[35] Canadian Association of University Teachers, "Do You Know Who Sits on Your Board?", *CAUT Bulletin* Vol 63; No. 7 (September 2016), p. 18.

[36] Glen Jones, "An Introduction to Higher Education in Canada", in K.M. Joshi and Saee Paivandi, ads., *Higher Education Across Nations* Vol 1 (Delhi: B.R. Publishing, 2014), p.12.

[37] H.B. Neatby, "The Historical Perspective", *Governments and Higher Education: The Legitimacy of Intervention* (Toronto: Higher Education Group, Ontario Institute for Studies in Education, 1987).

The presence of veterans on campus distrupted this elitist culture. As one study explains, "*...veterans who became students were older than typical pre-war students and many were from a working class background ... [H]aving just returned from a war against fascism, they challenged elitism and bigotry, especially in the fraternity system.*"[38]

A mass influx of students followed on the veteran example; at first, PSE enrolment increased by 71 percent between 1941 and 1951.[39] But later, from 1960 to 1975, PSE enrolment surged by over 300 percent, with a notable rise in the proportion of women (24 percent in 1960 and 44 percent in 1975).[40] With these challenges to elitist campus culture, politicians faced strong public demand for accessible education, which at this time meant nominal or free tuition. Over the next two decades, an intense struggle ensued. Students demanded a low-cost system, based on the veterans' example, while most politicians preferred tuition fees and student aid only for "those in need".

In 1965, the Canadian Union of Students (a predecessor to the Canadian Federation of Students) called for a National Day of Action on October 27. The action supported a vision for "universal accessibility", which proposed the abolition of tuition fees. The idea was promoted as a means to ensure "the fullest development of human potential".[41] Students mobilized and thwarted a federal plan to double tuition fees. Tuition was frozen and increased only gradually over the following decade. In 1967, the federal and provincial governments agreed to a 50/50 cost-sharing model for PSE. Provinces would control decisions on policy, programs and spending, while the federal government would match provincial funds. Ottawa would also maintain the Canada Student Loan program, along with other student aid programs.

In 1976, Canada took a step further when it ratified the United Nations International Covenant on Economic, Social and Cultural Rights. As the Article 13(1-2) of the Covenant makes clear, this signaled a direction for education policy:

Article 13:

1. *The States Parties to the present Covenant recognize the right of everyone to education...[t]hey further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups and further the activities of the United Nations for the maintenance of peace.*
2. *The States Parties to the present Covenant recognize that, with a view to achieving the full realization of this right... [PSE] shall be made equally accessible to all, on the basis of capacity, by every appropriate means and in particular by the progressive introduction of free education.*[42]

In 1976, tuition fees ranged in the hundreds of dollars and most Canadian politicians had utilized this system. A shift to free tuition was possible to imagine. Unfortunately for today's students, our PSE establishment pushed in a different direction.

The energy crisis and related economic crisis of the early 1970s brought the spectre of tuition hikes back. In 1977, the federal government cancelled its cost-sharing arrangement on PSE and created a more limited system of tax points and cash transfers called "Established Programs Financing".

This is the moment when our PSE system (and public services more generally) changed for the worse. From 1986-1996, reductions in federal transfer payments for PSE amounted to $8 billion, a funding squeeze that would intensify in 1996. At that point, federal PSE funding was cut in historic terms, with the stated objective of seeking fairer outcomes. In 1994, Lloyd Axworthy, the federal Human Resources Development Minister, pledged a *"total reform of the social safety net"* to create a fairer society. "*We have a society*", he claimed, *"where there are people who are able to drive stretch limousines with the windows blocked out in order to ignore the homeless. It's time we stopped that car, opened the doors, to give everybody a good ride into the future."*[43]

Two years later, Canadian public services were forever changed. Axworthy's Canada Health and Social Transfer (CHST) combined health, welfare and postsecondary education into a single fund, cancelling national standards established by decades of public policy debate. The CHST slashed federal transfers by $10.9 billion (from their level in 1993-1994), representing an unprecedented cut of 18.1 percent. For PSE, it meant a loss of $2.29 billion over the same time period, leading to massive funding shortfalls on campus.[44] That led to an era where provinces (starting with Ontario) allowed tuition to balloon for university-based professional programs like engineering, dentistry, law and pharmacy, following a model set earlier with differential fees for international students.

---

[38] Nigel Moses, *All That Was Left: Student Struggle for Mass Student Aid and the Abolition of Tuition Fees in the Province of Ontario 1946-1975* (Ph.D. Dissertation, University of Toronto, 1995).

[39] D.M. Cameron, *More Than an Academic Question: Universities, Government and Public Policy in Canada* (Halifax: Institute for Research on Public Policy, 1991).

[40] Statistics Canada, "Education in Canada" [Archived Tables, Descriptions], (1974, 1975, 1976).

[41] See: Robert F. Clift, "The Fullest Development of Human Potential: The Canadian Union of Students 1963-1969" (masters thesis, University of British Columbia, 2002).

[42] Quoted in CFS-Ontario, "Fact Sheet - Free Postsecondary Education in Ontario: The Case for Eliminating Tuition Fees" (December 2015).

[43] Barry Wilson, "Axworthy Will Avoid 'Slash and Trash' Approach to Social Program Reform", *The Western Producer* (February 10, 1994).

The funding cuts of the 1980s and 1990s marked a major shift. In 1974, government funding represented 92 percent of revenues in university operating budgets.[45] By 2012, that figure had dropped to 55 percent, and a similar pattern was true for vocational institutes and colleges [46]. How did post-secondary institutions respond? In most places, by hiking tuition fees. Tuition represented 14 percent of revenue in university operating budgets in 1982. By 2012, that figure was 38 percent.[47]

Of course, our PSE establishment had an answer for those worried about the consequences of higher tuition fees. The 1998 Federal Budget, widely dubbed the "education budget", introduced the Canadian Millennium Scholarships and government subsidies for Registered Education Savings Plans (RESPs).

These measures, Canadians were told, would ensure broad access to PSE, but research suggests otherwise. In 2015, an internal report for the federal government noted RESPs are disproportionately used by upper-income Canadians. Half the funding put towards RESPs is used by Canadians earning over $90,000 per year or more, while a third is taken up by Canadians earning $125,000 or more.[48] UBC Economics Professor Kevin Milligan had issued a similar analysis in 2002 and 2008, noting that high-income earners are 3.5 times more likely to have RESP savings.[49]

So, to recap, while Canada's UN representatives endorsed the goal of free tuition in 1976, politicians at home have cut funding, diminished standards and allowed for tuition hikes, particularly for international students. Campus executives seized the opportunity to raise fees and lavish themselves with benefits. Wealthy donors were solicited for donations and CEOs were invited to sit on governing boards. Banks were well-placed to earn billions through the sale of private student loans, student lines of credit and fees charged to RESPs.

"Neoliberalism"[50] is the academic term used to describe this trend in PSE policy. A plain language shorthand for the idea is "fend-for-yourself"; in all circumstances, at all times, government must reduce taxes and the scope of public services to allow more "free choice" for individuals. People must be then encouraged to provide for themselves, for doing otherwise enables laziness and a lack of entrepreneurial spirit.

Conservative activists have pushed such thinking since the early 1970s and this has influenced our political culture. At the root of this shift, as Diana Gibson explains, is

> *...a compelling story that has captured the imaginations and hearts of the public: that the wealthy and corporations are the only ones responsible enough to invest wisely and create jobs and thus should be the ones with the wealth; that the poor are poor because they are unworthy; that those who work hard get rewarded by becoming wealthy and successful; and that those who remain poor are irresponsible and make poor choices and thus should not be given money ... corporations and the wealthy will invest in ways that benefit us all — that those investments will create jobs, opportunities and more wealth for us all, wealth that will trickle down to those at the bottom.*[51]

Two measurements reveal how convincing this story has been. The first is the size of Canada's public sector, which is close to what it was just after the Second World War (federal government spending currently sits at 13 percent of GDP, its lowest level in sixty years).[52] The second is the degree to which tax cuts and tax evasion have shrunk Canada's public purse. In 1997, the federal corporate tax rate was 31 percent, but today it is 15.5 percent. The vast sums of money saved have created huge surpluses on the balance sheets of Canadian corporations.[53]

---

44 Canadian Federation of Students, "A Blueprint for Access, a Strategy for Change: An Alternative for Accessible, High Quality Postsecondary Education" 4th Edition (CFS: September 1997), 11-14.

45 Michael Weisenthal, "Section W: Education" Archived Content

46 Statistics Canada, "Education in Canada"

47 Canadian Association of University Teachers, CAUT Almanac of Postsecondary Education in Canada 2014-2015 (Ottawa: CAUT, 2016), 1-3.

48 Government of Canada (Employment and Social Development Canada), "Canada Education Savings Program (CESP): Summative Evaluation Report" (November 6, 2015).

49 Kevin Milligan, "Tax Preferences for RESP Saving: Are RESPs Effective?" (CD Howe Institute: November 2002); Kevin Milligan, "The RESP Bill is Bad Tax Policy and Even Worse Education Policy", *The Globe and Mail* (March 11, 2008).

50 See: Vandana Shiva, "Our Violent Economy is Hurting Women", *Yes Magazine* (January 18, 2013); David Harvey, "Neoliberalism is a Political Project", *Jacobin* (July 13, 2016).

51 Diana Gibson, "The Overton Window and the Left", in Richard Swift, ed., *The Great Revenue Robbery: How To Stop the Tax Cut Scam and Save Canada* (Toronto: Between the Lines, 2013), 32.

52 Canadian Centre for Policy Alternatives, "Alternative Federal Budget 2016: Time to Move On" (March 10, 2016); Daniel Tencer, "Canada's Government Smallest in 60 Years, Needs Corporate Tax Hikes: CCPA", *Huffington Post Canada* (March 10, 2016).

53 Jordan Brennan, "Canada's Failed Experiment With Corporate Income Tax Cuts" *Behind the Numbers* (CCPA: September 9, 2015); David MacDonald, "The Truth Behind Corporate Tax Cuts (In One Chart)", *CCPA* (Blog Post, August 19, 2014); Jim Stanford, "Having Their Cake and Eating it Too: Business Profits, Taxes and Investment in Canada: 1961 Through 2010" (CCPA: April 2011).

The International Monetary Fund estimates the glut of corporate savings in Canada at $680 billion, larger than Canada's national debt, but that only captures what is reported on corporate balance sheets.[54] Making matters worse are ongoing revelations about tax evasion and Canadians named in the infamous Panama Papers. Modest estimates suggest Canada's tax evasion yearly losses range from $6 billion to $7.8 billion,[55] and this does not count the legal ways in which important tax revenues are lost.

History has shown that "fend for yourself" policy has damaged our PSE sector, as it has damaged other public services. The unrelenting push towards funding cuts, tax cuts and tuition hikes has created campuses with hardwired inequalities. This marks a significant change; in the era of predictable public funding, strong standards and low tuition fees, a decent summer job (and work during the school year) could pay one's PSE costs. That era was ended given a lack of political leadership. That's why, as the next section explains, we need fundamental change.

3. We need fundamental change

We, the students of today, even though we are obviously members of that privileged class ... will not forsake our peers who for financial, sociological and other reasons have been denied the opportunity to partake in what we are fortunate to have.

- Patrick Kendriff, President, Canadian Union of Students, 1965.[56]

Critics of free tuition say eliminating PSE costs is regressive. It's wrong, they claim, to eliminate tuition for upper income earners who predominate in PSE with the tax revenue contributed by everyone. A better approach involves targeting those "in need".

That was the argument levied at student leaders in the mid 1960s. Proponents of free tuition were accused of being "leeches on society" or "enablers of laziness". But as we see from Patrick Kendriff's remarks, that did not hold water then and it does not hold water now. We want a PSE system without barriers, accessible to all.

We have seen this debate before. At one point in our history, we decided our society should be more literate and numerate, so fees for elementary and secondary education were abolished. Public education was paid for through public spending and financed by a progressive system of income tax. In 2016, a similar case is being made for PSE.

When accusations of regression are debunked, critics of free tuition usually say that fundamental change is impossible. Thankfully for us, recent history suggests otherwise.

In 2012, Quebec students defended a system of low tuition and the most outspoken voices called for free tuition. The government opposing them lost the next election. The sitting Premier, Jean Charest (who had argued for free tuition as a student)[57] lost his seat in Quebec's National Assembly. At its height, over 400,000 students participated in what came to be known as Quebec's printemps érable ("Maple Spring").

In July 2015, Newfoundland and Labrador announced the elimination of provincial student loans in favour of more non-repayable student grants. In the previous decade, the government held a fifteen-year tuition fee freeze and added a series of other subsidies for student housing and learning costs.[58] While student loans were unfortunately re-introduced for 2016, Newfoundland and Labrador maintains the lowest tuition fees in Canada, due in large part to pressure by the student movement.

We've also seen impressive progress on PSE from our American neighbours. In May 2015, Bernie Sanders declared he would seek the Democratic Party's nomination for President of the United States. In PSE, Sanders pledged to eliminate tuition fees in state colleges and finance the initiative through a progressive tax on financial speculation.[59] More broadly, Sanders led a grassroots political revolution in US politics, rejecting the idea that elite maneuvering was needed for electoral success.[60]

This political revolution made its impact on Hillary Clinton's campaign. On PSE, as most youth supported Sanders, Clinton pledged free tuition in state colleges for families with earning less than $85,000 per year and the program would be extended to households with incomes of $125,000 or less per year by 2020-2021. Lower interest rates will also be legislated on all student loans and student debt forgiven after 20 years.[61]

---

[54] See: Joseph W. Gruber and Steven B. Kamin, "The Corporate Saving Glut in the Aftermath of the Global Financial Crisis" (Washington: IMF, June 2015).

[55] Robert Cribb and Marco Chown Oved, "How Offshore Banking is Costing Canada Billions of Dollars a Year", *The Toronto Star* (April 4, 2016).

[56] Quoted in Clift (2002), 38.

[57] For background on Charest's student days, see: "Présumer l'Illégalité de la grève étudiante: un instant!", *Le Devoir* (March 23, 2015).

[58] Jane Taber, "Newfoundland Reaps Rewards of Low Tuition Strategy", *CBC News* (September 13, 2016).

[59] See note 5.

[60] The Sanders campaign drew over twelve million votes, won 22 state primaries and caucuses and came very close (within two points or less) in five other states. Sanders won most voters under age 45 and took most contests where independents were allowed to vote. 2.7 million people made over eight million individual campaign contributions to the campaign, most of which came from low income people, whose donations averaged $27 each. Harry Enten, "What Bernie Sanders Meant", FiveThirtyEight.com (July 12, 2016).

[61] See note 6.

In 2016, the movement for free tuition spread to Canada. On February 25, 2016, the Government of Ontario announced tuition fees would be eliminated in 2017-2018 for students from families earning less than $50,000 per year. Families earning less than $85,000 per year will also qualify for reductions in tuition fees.[62]

Two months later, the Government of New Brunswick outlined a similar plan. It announced that tuition fees would be eliminated for families with incomes of less than $60,000 and that the measure would take effect immediately. Citing demographic challenges (students leaving New Brunswick) and declining college and university enrolment, Premier Brian Gallant framed the move as a step towards a more accessible system. “Education”, he said, “is the key to New Brunswick’s economic future.”[63]

At the same time, “free tuition” in Ontario and New Brunswick has arrived with limitations. In targeting low income students, the two-tier approach of our student aid system repeats itself, where only certain people are depicted as being “in need”. A far better approach is a universal solution; because PSE training is essential, all Canadians deserve access without up-front cost. This is the logic behind our elementary schools, secondary schools and health care system. That is what we are fighting for today.

Students in Chile and Germany have made this case to their societies, which are now reverting back to free tuition systems. For Chile, this means returning to an era before the dictatorship of Augusto Pinochet, who abolished public education in 1981. Pinochet’s regime deregulated the PSE sector and encouraged the flourishing of for-profit private institutions. The results were catastrophic. As one study notes, today

> *...[m]iddle class Chilean families spend 40 percent of their income per child on PSE expenses ... tuition at public and private universities has increased by more than 60 percent (in current dollars) over the past decade. One result is a high post graduation debt burden on many students. Chilean college graduates pay three to five times more of their income in student loans than their peers in [other] countries.*[64]

These were the conditions that led Chilean students into the streets from 2011 and 2013, demanding a change to the status quo. Impressively, the students won broad support and a promise from President Michele Bachelet to introduce free tuition at the PSE level. President Bachelet stated this would be financed by new corporate taxes.

More recently, the modest roll-out of this promise has impacted only 264,000 of Chile’s 1.12 million students, leading to a new round of protests. The government has blamed this on Chile’s economic conditions, given slumping commodity prices, notably copper. As these words are being written, a major conflict is looming between the student movement and the Chilean 1 percent; students are demanding ambitious measures in progressive taxation to fix a broken system.

In Germany, a public debate on tuition fees has brewed since the mid 1990s and a movement (the “Alliance Against Tuition Fees”) was founded to contest the option. This movement argued tuition was an affront to the principle of universal PSE access written into the German constitution. By 2014, the movement included over 200 student, labour and community organizations.

In 2002, German courts granted state governments permission to charge tuition and between 2006-2007 seven states did so. In response, protests persisted for years. One report offers a flavour of what this looked like at a campus level:

> *In Hessen, students occupied their universities and in Hamburg there was a fee strike. Meanwhile, in Bavaria, a movement that began with hundreds of students protesting in 2008 grew rapidly. By 2013 there were several thousand protesters and public opinion had shifted. The group delivered a petition for a state referendum on higher education policy. It was signed by 1.35 million voters and caused the state’s conservative premier to scrap tuition fees just a few days later.*[65]

From 2007-2014, in light of these events, a u-turn happened in German politics. In 2014, Lower Saxony was the last state to abolish tuition fees. Deborah Hermanns, a British student who took part in the German student protests, credited a grassroots organizing strategy as crucial to this outcome:

> *The German student movement won in large part because it kept going and did not compromise. Since the foundation of the “alliance against tuition fees” in 1999, it has fought consistently for free education ... The German conception of student unionism is relatively simple: it is to politically represent the student population to the university, to advise on issues such as financial support or visa questions for international students and to take on wider political questions. These aims are reflected in union structures, which allow for much direct democracy and very little bureaucracy... Decisions about campaigns and allocation of funding are made at a weekly meeting which is open to all students.*[66]

---

[62] See note 3. It is also worth noting that applicants for the new Ontario Student Grant will be required to contribute $3000 per year towards their education to qualify for this funding.

[63] Government of New Brunswick (Office of the Premier), “Free Tuition for Low-Income and Middle-Income Families” (April 14, 2016).

[64] Gregory Elacqua, “Education: Chile’s Students Demand Reform”, *Americas Quarterly* (Winter 2012).

[65] David Smith, “Germany Scraps Tuition Fees After Mass Student Protests Cause Shift in Public Opinion”, *Economy Watch* (October 8, 2014).

[66] Deborah Hermanns, “Abolishing Tuition Fees: Lessons From Germany”, *Times Higher Education* (November 19, 2014).

If Chile and Germany can embrace free tuition, so can Canada. At the moment, seventeen countries around the world have no tuition fees or nominal fees.[67] Canada can have an inclusive approach to PSE without burdening students with debt.

The case for free tuition has resonated in Ontario and New Brunswick, but students must offer a more ambitious plan to earn broad public support. We turn to that task in the final section of this paper.

Free tuition is possible

"Be realistic: demand the impossible."

- Student slogan first seen in France (inspired by situationist art movement), 1968.

Is free tuition possible in Canada? Yes, it is. But it requires expanding the limits of conventional thinking. We must demand the impossible and propose a strategy that leaves no one behind. A good first step involves eliminating tuition fees.

What will it cost? As Appendix A to this paper explains, $10.2 billion will fund free tuition in our vocational institutes, colleges and universities. This investment represents 0.6 percent of Canada's GDP.

Our PSE establishment will laugh, as will many media pundits. They will insist the status quo works well, that free tuition subsidizes rich students, and that fundamental change is impossible. When the case for free tuition is made, we can expect these replies.

But as this paper has explained, students have persuasive answers:

Our PSE system is broken. Government funding cuts have led to high tuition fees, which have burdened more students with crushing debt. It has also intensified barriers for those most marginalized on campus: Indigenous students, racialized students, queer and trans students, students with disabilities, international students and campus workers in precarious jobs. Meanwhile, campus executives reap lavish compensation, ongoing corporatization threatens free inquiry and banks reap huge profits from our ad-hoc system of student aid. Our PSE system is broken and it must be fixed.

Let's learn from our history. When veterans of World War II came home, we honoured their sacrifice by ensuring free tuition for PSE. These veterans cracked the elite culture of our PSE system and on their heels came a surge of enrolment by women and traditionally marginalized students for the next four decades. Generations of students enjoyed low tuition fees and our society benefitted from its investment in them. It is time to learn from our history, eliminate tuition fees, and invest in our future.

We need fundamental change. Our PSE system is disproportionately used by well-off students who are less likely to be deterred by high tuition fees. Decades of fend-for-yourself policies have not slowed the massive growth of student debt. We need a values shift around PSE, as we've seen with elementary school, secondary school and health care. The case for free tuition is about ensuring universal access to skills that are required for a decent income and a just society. We all deserve that opportunity, and we need fundamental change to get there.

Free tuition is possible. Free tuition is being discussed in Canada, where more are realizing that tuition fees are an unnecessary burden. Ontario and New Brunswick have adopted models of "free tuition", while Quebec and Newfoundland have maintained low fees. The Sanders and Clinton campaigns have championed free tuition in state colleges, creating hope for millions of people. Chile and Germany have reverted back to free tuition systems, while fifteen other countries have zero or nominal tuition fees. Free tuition is possible, but we need inspired leadership and mobilization to get there.

That leadership starts with us. Students must work with our allies to build a grassroots movement for change. This movement must challenge decades of fend-for-yourself policies and the damage they have caused. Today the top 1 percent of income earners in Canada contribute a lower share of income in taxes than the bottom 10 percent.[68] As we already noted, a galling amount of money — over $680 billion, more than Canada's national debt — sits as surplus in corporate bank accounts, or in offshore tax havens.

Clearly, "fend for yourself" has failed and we need a different way forward. Our society generates more wealth than ever before, it's in the distribution of that wealth where we see major problems. We must say it's possible to restore public programs through progressive taxation and smart public spending. We must identify the policy tools needed to fund free tuition and restore public services. We must illustrate how our society's resources can be more fairly distributed to our collective benefit.

To begin, we support the proposal (in the 2016 Alternative Federal Budget) to increase the federal corporate tax rate to 21 percent. This would restore our tax system back to where it was in 2006, and raise $8 billion in revenue. Canadians for Tax Fairness have also identified over $15 billion in funds for federal spending with the closure of tax loopholes, and creation of new mechanisms to generate revenue (see

[67] K.M. Joshi and Saee Paivandi, *Higher Education Across Nations* (Delhi: B.R. Publishing, 2014); Ontario Undergraduate Student Alliance, "Global Analysis of Postsecondary Education Cost Recovery Models" (August 2011).

Appendix B to this report for details). We endorse all of these ideas, with the additional proposals to cancel the federal tuition tax credit (at a savings of $1.2 billion), and federal tax expenditures for RESPs ($125 million).[69]

There is also a place for smarter government spending to fund free tuition, most notably in military procurement policies. Revelations about the costly purchase of sixty-five F-35 fighter jets indicates it's time to heed the words of novelist Robert Fulgham: *"it will be a great day when our schools get all the money they need, and the air force has to hold a bake sale to buy a bomber."*

The life-cycle cost of the F-35 purchase, one study suggests, is $126 billion, with each plane costing $1.9 billion for its use and maintenance.[70] The Trudeau government pledged to revisit this purchase, but is still paying the costly fees associated with remaining in a buyers consortium for the planes.[71] But if we could do without six F-35s, tuition fees in Canada could be eliminated. If we could do without seven F-35s, we could also invest in the well-being of our veterans; 2,250 veterans are homeless today, while thousands of others live with debilitating injuries (both physical and mental).[72] It is time for spending priorities that fit with Canada's progressive values.

On a final note, we also call for close audits of large reserve funds that exist in many PSE institutions, along with lavish compensation enjoyed by campus executives. The time for hoarding public funds is over. The time for sky-high executive compensation is over. It is inconceivable that campus executives feel entitled to salaries which are double (even triple) the rate earned by the Provincial Premiers where PSE institutions are based. Several contracts of campus executives are attached to this report as evidence of the extent to which executive compensation has ballooned. These funds can be redirected towards financing free tuition, and core funding for PSE. The same is true for large campus reserve funds that must be put towards meeting urgent needs.

Friends, **it's time to think big.** It's time to honour our elders, and measure up to what history asks of us. It's time to reverse decades of bad choices, and declare a new era of learning without barriers. It's time to insist that a better PSE system is possible.

Let's make the case for universal access, education justice, and public education for the public good. Eliminating tuition fees is a big step in that important journey. Join us!

68 CCPA, *Time to Move On*, 7.

69 Government of Canada (Ministry of Finance), "Report on Federal Tax Expenditures: Concepts, Estimates, and Evaluations", (2016), 33.

70 Michael Byers, "The Plane That Ate the Canadian Military: Life-Cycle Cost of F-35 Fleet Could Reach $126 billion" (CCPA: April 2014).

71 Lee Berthiaume, "Liberals Pay $33 Million to Stay in F-35 Program, Despite Not Committing to Buy Them" *The Canadian Press* (July 26, 2016).

72 Murray Brewster, "Ex-Ombudsman 'Gobsmacked' it Took Ottawa Five Years to Track Homeless Vets", *The Toronto Star* (January 10, 2016).

APPENDIX A: COST OF FREE TUITION (COLLEGES AND UNIVERSITIES), (x 1,000).

PROVINCE	COLLEGE, VOCATIONAL SCHOOL TUITION	UNIVERSITY TUITION	TOTAL
Newfoundland and Labrador	$11,220	$62,295	$73,515
Prince Edward Island	$16,530	$30,397	$46,927
Nova Scotia	$30,217	$371,051	$401,268
New Brunswick	$23,085	$150,373	$173,458
Quebec	$157,468	$848,391	$1,005,859
Ontario	$1,257,386	$4,395,415	$5,652,801
Manitoba	$50,638	$196,219	$246,857
Saskatchewan	$46,515	$218,591	$265,106
Alberta	$272,374	$645,870	$918,244
British Columbia	$299,753	$1,174,914	$1,474,667
Yukon	$1,163	n/a	$1,163
Northwest Territories	$1,597	n/a	$1,597
Nunavut	$914	n/a	$914
Total cost	$2,168,860	$8,093,516	$10,262,376

Sources: Statistics Canada, CANSIM 477-0058: Financial Information of Universities and Degree Granting Colleges, Revenues by Type of Fund (June 2016); CANSIM 477-0060: Financial Information of College and Vocational Schools, Revenues by Type of Fund (June 2016).
Note: College and vocational school data is based on tuition revenue for 2013-2014, university data is based on tuition revenue for 2014-2015.

APPENDIX B: Revenue generating proposals by Canadians for Tax Fairness

CANADIANS FOR TAX FAIRNESS
CANADIENS POUR UNE FISCALITÉ ÉQUITABLE

Three Smart Ways to Raise More Revenue

Brief to House of Commons Finance Committee

Pre-Budget Consultations in Advance of the 2017 Budget

From Canadians for Tax Fairness

August 2016

The federal government cannot deliver on all its promises and adequately address the many social, economic and environmental challenges we face unless it can find a way to raise significant amounts of new revenue. Deficit financing will not be sufficient.

There are three ways the government could raise additional revenue that should be given serious consideration. **We estimate that these options, if fully implemented, could raise an additional $20 billion annually.**

1. Close Tax Loopholes

There are many tax expenditures that are unfair or have outlived their usefulness and that should be ended. This would not only save billions of dollars but would make the tax system simpler and fairer and easier to enforce.

The 2016 Federal Budget promised a review of all tax expenditures and the Finance Minister has said they expect to be able to find $3 billion in savings. The promise to review tax expenditures is welcome but the government needs to set a more ambitious savings target. We think there is at least **$16 billion** in savings that could be realized from closing unfair and ineffective tax loopholes.

We hope there will be an opportunity in addition to the Finance Committee's Pre-Budget Consultations to provide more detailed input to the government on their review of tax expenditures but here are some of the most obvious candidates for elimination:

a. **Eliminate the stock option deduction**: This loophole allows corporate executives to pay tax on their stock option compensation at half the statutory rate most pay on their working income. Not only is the deduction highly regressive, with over 90% of the benefit going to the top 1% of tax filers who make more than $250,000 annually, it is also bad for the economy as it encourages CEOs to inflate short-term stock prices through share buybacks instead of investing in the economy. Annual savings are estimated to be about **$840 million.**[1]

b. **End abuse of small business corporations tax rate***:* Tax laws allow accountants, dentists, doctors and small business operators to provide their services through Canadian-controlled private corporations (CCPCs) rather than as employees. These individuals then pay tax on income held within these businesses at the much lower small business rate (11%, declining to 9%) on their first $500,000 of income instead of at the federal personal income tax rates of up to 33%. Some also pay family members, who actually don't do any work for the business. Closing this loophole would save about **$500 million** a year.

c. **Limit capital gains deduction***:* Individuals and corporations who profit from the sale of investments or assets are able to pay tax at half the rate of tax on income from employment. We recommend maintaining the lifetime capital gains exemptions, but income from capital investments should be taxed at the same rate as employment income after adjusting for inflation. Allowing for an inflation adjustment would still provide some tax deferral benefit to investors but encourage longer term investments rather than short term speculative investments. Annual savings would be **$10 billion.**

d. **Lifetime limit for Tax Free Savings Accounts***:* The decision to reverse the doubling of the annual contribution limit for TFSAs is welcome as the benefits of TFSAs primarily go to those earning higher incomes. But the cost in terms of foregone revenues will still continue escalate to many billions annually unless a lifetime limit is set. The cumulative amount individuals can contribute to TFSAs will be $46,500 in 2016. We suggest therefore that a $50,000 lifetime cap be put on TFSAs to avoid a revenue sinkhole in the future. Annual savings would be modest **at $100 million** initially, but would increase to billions of dollars in future years.

e. **Reduce RRSP contribution limits***:* High RRSP contribution limits provide government support to high income people who don't need help with their retirement savings while leaving less revenue available to support lower income seniors who need help the most. Lowering the annual contribution limit to $20,000 could save **$2 billion** a year while still providing a retirement savings option for most middle and lower income Canadians.

f. **Review and replace ineffective boutique tax credits**: Under the previous government, Canada's tax system became riddled with "boutique tax credits" for specific activities. These made filling out annual tax forms much more complex, and have generally not been effective in their intended objective. The 2015 Federal Budget eliminated several of these credits. But there are still more that should be cancelled. Ineffective and regressive credits should be eliminated or replaced with effective and equitable measures. Annual savings of up to **$500 million** could be realized by doing this.

g. **Cancel the corporate meals and entertainment expense deduction**: Businesses are allowed to deduct half their meal and entertainment expenses, including the cost of season's tickets and private boxes at sports events. This is widely abused, according to the U.S. study of a similar measure there.[2] The meal expense for long-distance truckers could be maintained. Annual savings of **$600 million** could be expected.

h. **End fossil fuel subsidies:** While some fossil fuel subsidies have been reduced, federal tax subsidies to the fossil fuel industries still amount **to $1.6 billion** annually according to a recent report from Oil Change International. Canada signed on to a G20 commitment to eliminate fossil fuel subsidies and it is time we delivered on this promise.

2. Stop Corporate Offshore Tax Dodging

The government has taken some welcome steps to combat tax haven facilitated tax evasion by wealthy individuals this year. But we estimate that individual use of tax haven tax evasion schemes is only about one third of the problem. Two thirds of revenue losses related to tax haven abuse is likely due to corporate tax dodging.

Many large and some medium sized companies have offshore subsidiaries. A study we commissioned found that 56 of the 60 major companies listed on the TSX had a total of 973 subsidiaries in tax havens.

Many corporations claim that their use of tax haven subsidiaries is perfectly legal. But the best that can be said is that it is a grey area. There is evidence both in Canada and in other jurisdictions that the primary function of tax haven subsidiaries is to shift profits in order to reduce corporate tax payments. Outdated international corporate tax rules do indeed allow a lot of legal latitude for multinational companies to shift profits in order to minimize taxes. Because of weak enforcement, some corporations are able to cross the line of what is legal, calculating that the risk of getting caught and having to pay up are far outweighed by the additional profits that can be made by short changing governments.

International agreement is needed to fix some corporate tax law problems such as the continued application of the difficult to enforce "arms-length rule" by replacing this with unitary taxation regime that would apportion tax payments by multinational companies to different governments according to the amount of business they do in each jurisdiction (similar to how business revenue is apportioned between different provinces in Canada).

But there are several measures the Canadian government could take to reform corporate tax rules and stem the revenue losses due to corporate profit shifting to tax havens:

a. **Economic substance -** One way to restrict corporate tax haven abuse would be to require economic substance for any offshore subsidiary to be recognized as a separate corporate entity for tax purposes. Bill C-621, introduced in the last parliament by Murray Rankin, provides a good legislative example of how this could be done.[3]

   We estimate this measure **could raise $400 million a year**.

b. **Capping interest payments to offshore subsidiaries -** Canada used to have a cap on tax deductibility of interest payments to offshore subsidiaries but this was removed by the previous government. It is time to re-instate this measure in order to curb offshore abuse. The OECD has recommended doing this in their Base Erosion and Profit Shifting (BEPS) Action Plan. The British government introduced this measure in their 2016 budget, though their fixed cap at 30% is far too high to be very effective. We recommend a Group Ratio Rule, limiting the deductibility of interest to the entity's share of the group's consolidated net interest expense, apportioned by earnings (EBITDA). If this is combined with a fixed cap, it should be set at the lowest level of 10%.[4] We estimate this measure could raise at least **$200 million** annually.

c. **Applying a 1% withholding tax on Canadian assets held in tax havens -** Canadian direct foreign investment in tax havens increased to $270 billion in 2015. This amounts to a quarter of all Canadian direct foreign investment abroad. The main reason for channeling investments through tax havens is to evade or avoid paying taxes in Canada. Applying a 1% withholding tax on Canadian assets held in tax havens would likely raise revenue of over **$2 billion** a year.

3. Tax E-commerce Companies to Level the Playing Field

E-commerce companies such as Netflix, Amazon Prime, and Google (YouTube), Amazon, Uber, and Airbnb, are capturing a huge and growing share of the Canadian market but pay little or no taxes. They have been exempted from paying taxes by the Canada Revenue Agency because they have no physical presence in Canada and therefore are deemed not to be "carrying on business" in Canada.[5] This policy is outdated.

The foreign-owned e-commerce sector now has revenues of more than $30 billion a year and just Google and Facebook together capture 64% of all internet advertising dollars spent in Canada – over $2.4 billion. Internet advertising is growing rapidly and now captures 34% of all ad spending, compared with 30% for television, 13% for daily newspapers and 14% for radio.[6]

Foreign e-commerce companies are squeezing out many Canadian media companies, taxi services. hotels and retailers, including many small businesses. Good jobs are being lost and in the few cases where they are replaced, they are part-time and insecure low-wage jobs. Canadian companies are losing because of unfair competition to foreign companies that pay little or no taxes.

Companies like Netflix, referred to as "Over-the-Top" media services are also not required to produce, broadcast or contribute to Canadian content. This has a direct impact on our cultural industry. It is depriving many artists and actors of work and impoverishing the Canadian cultural sector. All Canadians lose when our culture is diminished.

The European Union, New Zealand, Australia, Norway, South Korea, Japan, Switzerland, and South Africa, have modernized tax laws to respond to changing e-commerce reality.[7] The OECD in its BEPS Action Plan on Addressing the Tax Challenges of the Digital Economy has recommended ways that governments can collect value added taxes where the product is purchased to help level the playing field between foreign and domestic suppliers.[8]

Canadians have embraced e-commerce in a major way. However our tax policies have not kept pace. Failure to update our tax policy creates unfair competition, causes significant job losses in the journalism, media and cultural sectors, threatens the vitality of Canadian culture and squanders to opportunity to raise several billion dollars in revenue for both federal and provincial governments.

We recommend that the Canadian government level the playing filed by:

a. Making all e-commerce companies with Canadian income above a certain threshold pay corporate income tax on profits from products or services sold or rented in Canada whether or not they have a physical presence in Canada. It is difficult to estimate how much revenue this would raise as large foreign companies like Google and Netflix do not separate out their Canadian earnings but could be as high as **$600 million** a year.

b. Ending the GST/HST tax exemption for electronic commerce services (above a determined sales threshold) that sell to Canadians and requiring them to collect and remit GST/HST and PST amounts to federal and provincial governments on their sales in Canada. We estimate this would raise **$312 million** a year.

[1] Many of the revenue estimates are taken from Finance Canada, Report on Federal Tax Expenditures - Concepts, Estimates and Evaluations 2016. http://www.fin.gc.ca/taxexp-depfisc/2016/taxexp1602-eng.asp#_Toc442180630

[2] Richard Schmalbeck and Jay A. Soled, Elimination of the Deduction for Business Entertainment Expenses http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2733&context=faculty_scholarship

[3] https://openparliament.ca/bills/41-2/C-621/

[4] For details on this issue see G20 SUBMISSION ON BEHALF OF THE BEPS MONITORING GROUP to UK Parliament, All-Party Parliamentary Group Examination of the OECD'S BEPS recommendations to the G20 https://bepsmonitoringgroup.files.wordpress.com/2016/01/bmg-submission-to-uk-all-party-parliamentary-group.pdf

[5] Canada Revenue Agency, Carrying on business in Canada, GST/HST Policy Statement P- 051R2, Date of Revision April 29, 2005. This policy statement cancels P-051R1, dated March 8, 1999: http://www.cra-arc.gc.ca/E/pub/gl/p-051r2/p-051r2-e.html

[6] John Anderson, Over the Top Exemption, 2016: Canadian Centre for Policy Alternatives, p.11. https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/06/Over_the_Top_Exemption.pdf

[7] John Anderson, Over the Top Exemption, 2016: Canadian Centre for Policy Alternatives, p.18 – 21. https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/06/Over_the_Top_Exemption.pdf

[8] http://www.oecd.org/tax/addressing-the-tax-challenges-of-the-digital-economy-action-1-2015-final-report-9789264241046-en.htm

APPENDIX C: Contract: Dr. Gary Kachanoski and Memorial University

MEMORIAL UNIVERSITY

Board of Regents

St. John's, NL Canada A1C 5S7
Tel 709 864 8281
regents@mun.ca www.mun.ca/regents

December 16, 2014

Dr. Gary Kachanoski
President and Vice-Chancellor
Memorial University of Newfoundland

Dear Dr. Kachanoski:

Re: Renewal of Employment Agreement

We write in respect of the employment agreement dated as of the 8th day of February 2010 ("Employment Agreement").

Memorial University of Newfoundland agrees to amend and renew the Employment Agreement as follows:

1. By deleting paragraph 1 in its entirety and replacing with the following:

   The initial term of the appointment as President and Vice-Chancellor shall be for five (5) years, commencing July 1, 2010. A five (5) year renewal term will commence on July 1, 2015 (the "Renewal Term"). The term of this agreement shall end on June 30, 2020.

2. By deleting paragraph 4 in its entirety and replacing with the following:

   During the initial term, Dr. Kachanoski's salary as President and Vice Chancellor shall be a minimum of Four Hundred and Thirty Thousand dollars per annum, subject to periodic review by the Board of Regents.

   Commencing on July 1, 2015 and during the Renewal Term, Dr. Kachanoski's salary as President and Vice Chancellor shall be $460,000.00 and shall be subject to the following annual increases:

   Effective July 1, 2015 – 2%

   Effective July 1, 2016 – 3%

   For the years commencing July 1, 2017, July 1, 2018 and July 1, 2019, increases, if any, shall be reviewed by the Board of Regents in its sole discretion.

.../2

3. By deleting subparagraphs 10(a) and (b). For greater clarity, subparagraph 10 (c) is not deleted or amended.

4. All other terms of the Employment Agreement remain in full force and effect.

Please sign this letter below indicating your agreement with the terms of amendment and renewal of the Employment Agreement set out herein.

Yours very truly,

Iris Petten

Memorial University of Newfoundland
Per: Iris Petten
Chair, Board of Regents

By signing this letter below, I agree to the terms of amendment and renewal of the Employment Agreement set out herein.

Dr. Gary Kachanoski
Date: Dec 16, 2014

THIS AGREEMENT made as of the 8th day of February 2010.

BETWEEN: **MEMORIAL UNIVERSITY OF NEWFOUNDLAND**

OF THE ONE PART,

AND: **DR. GARY KACHANOSKI**

OF THE OTHER PART.

WHEREAS Dr. Gary Kachanoski has been appointed President and Vice Chancellor of The Memorial University of Newfoundland pursuant to the terms of the Memorial University Act;

AND WHEREAS Dr. Kachanoski shall commence his term as President and Vice Chancellor with effect as of July 1st, 2010;

AND WHEREAS the parties wish to confirm the terms of Dr. Kachanoski's appointment;

Term

1. The initial term of the appointment as President and Vice-Chancellor shall be for five (5) years, commencing July 1st, 2010. The appointment may be renewed for an additional five (5) year term, by agreement between Dr. Kachanoski and the Board of Regents of Memorial University.

Professor with Tenure

2. Dr. Kachanoski is appointed Full Professor, with Tenure, as a Joint Appointment in the Departments of Earth Sciences and Biology.

3. Dr. Kachanoski shall be provided with a research grant of forty thousand (40,000) dollars per annum, which may in his discretion be used to employ a post-doctoral appointment.

Remuneration and Vacation

4. Dr. Kachanoski's salary as President and Vice Chancellor shall be a minimum of Four Hundred and Thirty Thousand dollars per annum, subject to periodic review by the Board of Regents.

5. Dr. Kachanoski shall be entitled to four (4) weeks annual vacation, to be taken at a time to be agreed with the Chair of the Board of Regents. Dr. Kachanoski shall be entitled to carry over up to two (2) weeks of unused annual vacation to the subsequent year.

Pension

6. Dr. Kachanoski shall be eligible to accrue pension during his term as President and Vice Chancellor of Memorial University on the basis of the Memorial University pension plan, along with the Supplementary Retirement Benefit Agreement providing for the University of Alberta pension transfer equivalency.

Administrative Leave

7. While President and Vice Chancellor, Dr. Kachanoski shall accumulate administrative leave at the rate of 2.4 months per calendar year completed. All administrative leave credited pursuant to this clause shall be on the basis of the President's salary and terms in effect during his tenure in the position, and may be taken on the conclusion of the appointment (including any renewal period) as President. For clarity, and without limitation, the administrative leave entitlement includes salary, pension accruals, allowances, travel privileges and benefits under the University benefit plans.

Relocation to Newfoundland and Labrador

8. Dr. Kachanoski shall be reimbursed for all reasonable expenses incurred for his family's relocation from Alberta to Newfoundland and Labrador, including all moving, real estate commission or legal fees associated with the sale of his house in Alberta, fees and disbursements accompanying the acquisition of a family home in Newfoundland and Labrador

9. Dr. Kachanoski shall be reimbursed for professional fees incurred for financial, tax or legal advice with respect to the terms of his appointment as President and Vice Chancellor.

Allowances

10. Dr. Kachanoski shall, while President and Vice Chancellor be entitled to:

(a) A car allowance of $1,000 per month;

(b) A housing assistance allowance of $1,500 per month; and,

(c) Reimbursement of financial or tax counselling fees of up to $2,500 per annum.

Travel and Support

11. While President and Vice Chancellor:

(a) when travelling on University business, Dr. Kachanoski is entitled to travel Business Class. The University shall pay the normal and reasonable incurred costs of any travel by Dr. Kachanoski's spouse when his spouse accompanies him to a function in which he is engaged in official University business and where it is reasonable that the spouse accompanies him.

(b) the University shall pay normal and reasonable expenses incurred by Dr. Kachanoski for entertainment as part of his official duties on behalf of the University. This includes making available the Senior Common Room on the same basis as it has been made available to his predecessors.

(c) the University shall provide Dr. Kachanoski with the office, support staff and appropriate equipment necessary to the proper discharge of his responsibilities.

Termination

12. Dr. Kachanoski's appointment as President and Vice Chancellor may be terminated for cause as that term is defined in law. In the event the University is considering terminating this appointment for cause, the Board of Regents must:

(a) notify Dr. Kachanoski in writing providing him with full particulars of the allegations against him;

(b) conduct a hearing before the Board into the allegations, at which hearing Dr. Kachanoski shall be given the opportunity to provide full answer in defence to the allegations, with the assistance of counsel if he so chooses; and

(c) only consider termination for cause as the final resort after the Board has first attempted all other options, including progressive discipline.

13. The Board may at any time terminate Dr. Kachanoski's appointment as President and Vice Chancellor without cause:

(a) in the event that such termination without cause occurs within the first twenty four (24) months of either his initial five (5) year term or the first twenty four (24) months of a five (5) year renewal term, he will be paid a separation payment (the "Separation Payment") in full settlement of any entitlement to compensation in lieu of notice, consisting of his salary, pension accrual and allowances (including administrative leave entitlement) for thirty six (36) months commencing on the date of termination; and the reasonable cost of replacing benefits equivalent to those provided to him and his dependants under the University benefit plans for thirty six (36) months commencing on the date of termination. The reasonable cost of replacing benefit coverage will be the amount quoted to Dr. Kachanoski by a reputable Canadian health and welfare benefit provider. Dr. Kachanoski will provide this amount (and the quotation) to Memorial University, along with any lawful instructions for the payout of the severance amount so as to minimize the tax payable, within 30 days of the date of termination. Memorial University will then pay the Separation Payment (or the first instalment of the Separation Payment if instructed to pay it in instalments) no later than 30 days following receipt of the quote for replacement benefit coverage. Memorial University will continue Dr. Kachanoski's group health coverage until replacement coverage is in place. The amount of the Separation Payment is not subject to any deductions for actual mitigation or failure to take reasonable steps to mitigate.

(b) in the event of termination without cause that occurs after the completion of two years of either his initial five (5) year appointment or the five (5) year renewal term, Dr. Kachanoski shall be entitled to severance in full settlement of any entitlement to compensation in lieu of notice, consisting of his salary, pension accrual and allowances (including administrative leave entitlement) for twenty-four (24) months commencing on the date of termination, and the reasonable cost of replacing benefits equivalent to those provided to him and his dependants under the University benefit plans, for twenty-four (24) months commencing on the date of termination. The reasonable cost of replacing benefit coverage will be the amount quoted to Dr. Kachanoski by from a reputable Canadian health and welfare benefit provider. Dr. Kachanoski will provide this amount (and the quotation) to Memorial University, along with any lawful instructions for the payout of the severance amount so as to minimize the tax payable, within 30 days of the date of termination. Memorial University will then pay the Separation Payment (or the first instalment of the Separation Payment if instructed to pay it in instalments) no later than 30 days following receipt of the quote for replacement benefit coverage. Memorial University shall continue Dr. Kachanoski's group health coverage until replacement coverage is in place. The amount of the Separation Payment is not subject to any deductions for actual mitigation or failure to take reasonable steps to mitigate.

14. The termination of Dr. Kachanoski's appointment as President and Vice Chancellor will not affect his appointment as a Full Professor with tenure and he will continue to be employed in that capacity. In that event, he will receive a salary as a Full Professor with tenure at the highest step/salary grade for that position, which salary shall be in addition to the severance stipulated if his appointment as President is terminated without cause.

Governing Law

15. This Agreement shall be construed in accordance with the laws of the Province of Newfoundland and Labrador.

IN WITNESS WHEREOF this Agreement has been executed by the parties to it, the day, month and year first written.

SIGNED, SEALED AND DELIVERED by the University in the presence of:	**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**
Donna Stone	Per: Robert E. Simmonds **ROBERT E. SIMMONDS** **Chair, Board of Regents**
Donna Stone	R. Kachanoski **DR. GARY KACHANOSKI**

SUPPLEMENTARY RETIREMENT BENEFIT

AGREEMENT

MEMORANDUM OF AGREEMENT MADE, in duplicate, as of February 8, 2010

BY AND BETWEEN: Memorial University of Newfoundland

(Hereinafter called "the University")

OF THE FIRST PART,

AND: Dr. Gary Kachanoski, President of the University

(Hereinafter called "the President")

OF THE SECOND PART,

WITNESSED THAT:

WHEREAS the President is a highly valued employee of the University; and

WHEREAS it is the intention of the University to encourage the President to render long and valuable services to the University; and

WHEREAS it is proper under the circumstances to make suitable financial provision for the President on his retirement from the University;

WHEREAS the President's prior pension plan with the University of Alberta (UofA) does not provide for the transfer of his pensionable service to the University pension plan;

WHEREAS the University wishes to attempt to make the President "whole" in respect of retirement benefits that would be paid by the University (in respect of his 8.9176 years of service with the UofA) if he were able to transfer his pensionable service with UofA;

THEREFORE, for good and valuable consideration reciprocally given and received, the parties do hereby mutually covenant and agree as follows:

1. Definitions

All words and phrases have the meaning assigned in the Memorial University Pensions Act unless otherwise defined in this Agreement. In this Agreement, the following words and phrases have the meanings given below:

(1) "Agreement" means the Supplementary Retirement Benefit Agreement.
(2) "Memorial Pension Plan" means the Memorial University Registered Pension Plan as defined in the Memorial University Pensions Act as amended from time to time.
(3) "Memorial SRIP" means the Memorial University Supplemental Retirement Income Plan.
(4) "Retirement Date" means the date upon which the President ceases employment with the University and begins to receive benefits from the Memorial Pension Plan.
(5) "Supplemental Retirement Benefit" means the amount described in Section 2.02.
(6) Surviving Principal Beneficiary shall be as defined in the Memorial University Pensions Act.
(7) "UofA Pension Plan" means the University of Alberta Registered Pension Plan.
(8) "UofA ESRBP" means the University of Alberta Executive Supplemental Retirement Benefit Plan

2. Supplemental Retirement Benefits

2.01 Supplemental Retirement Benefit

The President shall be entitled to receive an annual Supplemental Retirement Benefit under this Agreement upon retirement from Memorial University and commencement of a pension from the Memorial Pension Plan, in accordance with the Memorial University Pensions Act.

2.02 Retirement Benefits

The amount of the President's annual Supplemental Retirement Benefit shall be equal to A less B less C, where A, B, and C are defined below:

A = the total retirement benefit that would have been payable from the Memorial Pension Plan and the Memorial SRIP, if 8.9176 years of pensionable service had been transferred to the Memorial Pension Plan from the UofA Pension Plan and those years of transferred pensionable service had also been countable for purposes of determining benefits from the Memorial SRIP.

B = the total retirement benefit payable to the President as a result of his employment with the University of Alberta based upon 8.9176 years of pensionable service in the UofA Pension Plan, inclusive of benefits payable from the UofA ESRBP, and inclusive of any indexing received on UofA benefits between the President's retirement in the UofA Pension Plan and the President's Retirement Date.

C = The annual amount of pension that could be provided at the Retirement Date by the accumulated value of the payments the President has received from the UofA Pension Plan and the UofA ESRBP up to the Retirement Date. The amount of this pension is to be determined by accumulating UofA payments to the Retirement Date with interest at 4.0% per annum, then dividing the accumulated amount by an annuity factor payable in the normal form of pension under the Memorial Pension Plan. The annuity factor will be determined based on interest at 4.0% per annum and mortality according to the UP94@2020 mortality tables.

For clarification, UofA ESRBP benefits, for the purposes of the above formula are assumed to be payable as an annual pension commencing June 30, 2010, regardless of if they are paid in another manner (i.e., as a commuted value lump sum, or over a shorter payment period). Appendix A provides a summary of the assumptions used in determining the supplemental retirement benefit.

Retirement benefits payable in respect of service after June 30, 2010 will be payable in accordance with the provisions of the Memorial Pension Plan, and the Memorial SRIP.

2.03 Payment of Pension

The payment of Supplemental Retirement Benefits to the President shall commence on the date that the President's pension from the Memorial Pension Plan commences and shall be payable in equal monthly instalments on the same date that payments are made from the Pension Plan.

2.04 Form of Pension

Supplemental Retirement Benefits shall be paid in accordance with the form of pension payable to the President under the Memorial Pension Plan. Supplemental Benefits are not indexed after retirement.

3. <u>Benefits on Termination of Continuous Service</u>

3.01 If the President ceases employment prior to becoming entitled to benefits under the Memorial Pension Plan, no Supplemental Retirement Benefit will be payable.

4 <u>Survivor Benefits upon Death</u>

4.01 If the President dies prior to becoming entitled to benefits from the Memorial Pension Plan, no Supplemental Retirement Benefit will be payable.

4.02 If the President dies after becoming entitled to benefits from the Memorial Pension Plan but before the Retirement Date, survivor benefits shall be payable to his Surviving Principal Beneficiary.

4.03 If the President dies after the Retirement Date, survivor benefits shall be payable to his Surviving Principal Beneficiary.

4.04 The amount of survivor benefits payable under sections 4.02 and 4.03 shall be paid in equal monthly instalments, calculated as 60% of the Supplemental Retirement Benefit to which the President was entitled at the date of his death. Survivor benefits shall be paid on the same date that survivor benefit payments are made from the Pension Plan.

4.05 Survivor benefits cannot be commuted and paid as a lump sum.

4.06 In the event that there is no Surviving Principal Beneficiary on the date of the President's death, no survivor benefits shall be payable under this Agreement.

5 Administration of the Plan

5.01 Memorial University is responsible for the overall operation and administration of this Agreement and any benefits payable hereunder. Memorial University shall decide all questions of eligibility, determine the amount, manner and time of payment of any benefits hereunder, and authorize the payment of said benefits, and shall conclusively determine all other matters relating to the overall operation, administration, interpretation, and application of this Agreement and any benefits payable hereunder. Memorial University may make such rules and regulations consistent with the terms of the Agreement as it shall deem necessary, and may amend or revise such rules from time to time, in its sole discretion.

5.02 Wherever the records of Memorial University are used for purposes of this Agreement, such records shall be conclusive of the facts with which they are concerned.

6. General Provisions

6.01 No Enlargement of Employment Rights
Participation in this Agreement shall not confer on the President any rights which he did not otherwise have as an employee, except as to such benefits as he shall have specifically accrued under the terms of the Agreement.

6.02 Notices and Elections
Any notice or election to be given, made or communicated pursuant to or for any purpose of the Agreement shall be given, made or communicated as the case may be, in such manner as Memorial University shall determine from time to time. Without limiting the generality of the foregoing the President shall be responsible to notify Memorial University in writing of his mailing address and subsequent changes of mailing address.

6.03 Severability
In the event that any provision of the Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, its invalidity or unenforceability shall not affect any other provision of the Agreement and the Agreement shall continue to be construed and enforced as though such provision had not been included therein.

6.04 Captions and Headings
The captions and headings of the Agreement are inserted for convenience only.

6.05 Construction
This Agreement and all rights hereunder, shall be governed, construed and administered in accordance with the laws of the Province of Newfoundland and Labrador.

6.06 Evidence of Survival
Memorial University shall have the right to require satisfactory evidence that the President or the President's Surviving Principal Beneficiary under the Agreement is living on each and every date a benefit payment is due the President or his Surviving Principal Beneficiary. In the absence of such evidence when requested by Memorial University, the benefit payment otherwise due shall not be paid until such evidence has been received. In the event that the benefits recommence following receipt of satisfactory evidence of survival, retroactive payments shall be made for the period during which payment of benefits had been suspended pending receipt of such evidence.

7. **<u>Future of the Plan</u>**

7.01 Continuation of the Plan

Memorial University intends and expects to maintain this Agreement in force indefinitely. This Agreement may be amended only upon the consent of the President and the University.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first hereinabove written.

Donna Stone	**Memorial University of Newfoundland**
Witness	Per: Robert E. Simmonds
	ROBERT E. SIMMONDS, QC
	Chair of the Board of Regents
Donna Stone	Per: G. Kachanoski
Witness	**GARY KACHANOSKI**

Appendix A

Assumptions for purposes of determining items B and C of Supplemental Retirement Benefit formula in 2.02 of Supplementary Retirement Benefit Agreement

Interest rate for purposes of accumulating UofA Pension Plan payments and UofA ESRBP payments:	4% p.a.
Interest rate for purposes of determining annuity factor:	4% p.a.
Mortality for purposes of determining annuity factor:	UP94@2020
Assumed commencement date for UofA ESRBP:	June 30, 2010
Assumed Amount of UofA ESRBP:	As determined by UofA (based on the amount payable effective June 30, 2010)
Assumed commencement date for UofA Pension Plan benefits:	Actual date on which the President elects to commence his UofA Pension Plan benefits

Note: The assumed commencement date of the ESRBP payments is June 30, 2010. The lump sum commuted value provided by UofA, payable January 2011, reflects early payment of the ESRBP, at June 30, 2010.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made as of the 24th day of November, 2012.

B E T W E E N:

CARLETON UNIVERSITY
a corporation incorporated under the laws of Ontario
pursuant to Chapter 117, Statutes of Ontario, 1952, as amended

(hereinafter referred to as the "Employer")
OF THE FIRST PART

- and –

DR. ROSEANN RUNTE

(hereinafter referred to as the "Employee")
OF THE SECOND PART

WHEREAS the Employer and the Employee wish to enter into an agreement pursuant to which the Employee will continue to provide the Employee's services to the Employer as hereinafter set forth, and the Employer will continue to hire and retain the services of the Employee as an employee of the Employer.

NOW THEREFORE in consideration of the premises and mutual covenants and agreements hereinafter contained, the parties hereto hereby mutually covenant and agree as follows:

1. **EMPLOYMENT**

a. The Employee is employed on a full-time basis as the President and Vice-Chancellor of the Employer, reporting to the Board of Governors of the Employer in accordance with the policies established by the Board of Governors and the Senate of the Employer from time to time. The Employee shall be the Chief and Executive Officer of the Employer and shall have supervision over and direction of the academic work and general administration of the employer and the teaching staff thereof, and the officers and servants thereof, and the students thereof, and shall also have such other powers and duties as from time to time may be conferred upon or assigned to the Employee by the Board of Governors from time to time provided that with respect to any material change the Employer shall give to the Employee such written notice of said material change/changes as would be required in the event that the Employer were providing written notice of termination of employment pursuant to the provisions of Section 5 hereof.

b. The Employee is also employed as a Full Professor of the Employer with tenure and subject to the terms of the Collective Agreement with the Academic Staff Association of Carleton University and any other then applicable Collective Agreement. The Employee will have the right to return to teaching in the semester immediately following the termination of the Employee's employment as President and Vice-Chancellor, at a salary in the 100th percentile of the Full Professor range at the University with such benefits and pension arrangements as are provided for in the then applicable Collective Agreement. Upon the Employee's return to teaching, the Employee shall have no claim to the salary benefits, termination payments or other financial arrangements provided for in this agreement with respect to the Employee's position as President and Vice-Chancellor.

c. The Employee acknowledges and agrees that during the term of this agreement, the Employee shall devote the Employee's full-time and skill to the duties and responsibilities contemplated herein and shall not be engaged in any other employment in any other capacity that interferes with the provision of the services contemplated herein or that is for the benefit of any person, corporation or enterprise whose business interests are either competitive or in conflict with those of the Employer. Notwithstanding the foregoing, the parties acknowledge that the Employee shall be permitted to act as a Director of the National Bank of Canada and of other organizations as may be agreed to from time to time.

2. **EMPLOYMENT TERM**

Subject to being terminated pursuant to the provisions of paragraph 5 hereof, the term of this agreement shall be for a five (5) year term commencing July 1, 2013 and ending on June 30, 2018. Notwithstanding the commencement date of this agreement, the parties acknowledge that the Employee has been previously and continuously employed by the Employer as President and Vice-Chancellor since on or about July 1, 2008.

3. **SALARY AND BENEFITS**

a. For all services rendered by the Employee in the course of the employment hereunder as President and Vice-Chancellor, the Employee shall receive a gross annual salary of $320,000.00. The said salary is to be paid at such times and in such fashion as is in keeping with the ordinary practices and policies of the Employer. Such salary shall be reviewed periodically by the Employer and may be increased from time to time by the Employer as the Employer may in its absolute discretion decide without the necessity of an amendment hereto. In this regard, the parties acknowledge that the Employee has not had an increase in her base salary since July 1, 2008 and is currently restricted by provincial legislation until March 25, 2014. It is contemplated by the parties that the Employee's base salary, leave and benefits shall be reviewed at the earliest opportunity and that any increase shall reflect the period of time over which the Employee's salary has remained static, but shall not be retroactive.

b. For services rendered by the Employee as a Professor, the Employee shall be separately compensated with regard to the number of courses taught by the Employee in accordance with compensation otherwise payable to an Adjunct Professor pursuant to the terms of the Collective Agreement with the Academic Staff Association of Carleton University.

c. The Employee shall be entitled to participate in a separate bonus program based upon achievement of performance targets as determined by the Chair of the Board of Governors in consultation with the Employee. Such bonus shall represent up to twelve (12) percent of the Employee's base salary.

d. The Employee shall be entitled to participate in such additional benefits as are enjoyed from time to time generally by employees in accordance with the practices and policies of the Employer as the Employer may, in its absolute discretion, create from time to time. The Employee will also participate as a member of the Carleton University Retirement Plan. Any and all entitlements with respect to any benefits, pensions, or other compensation are subject to the terms and conditions set out in the associated documentation and policies.

e. The Employee shall be entitled to be reimbursed in accordance with the policies of the University, as adopted and amended from time to time, for all reasonable and necessary expenses incurred by the Employee in connection with the performance of the duties contemplated herein subject to the Employee providing appropriate supporting documentation in connection with the same. Without limiting the generality of the foregoing such reimbursable expenses shall include:

i. Entertainment for the benefit of the University;

ii. Travel as required;

iii. Representation of the Employer at events and functions;

iv. Reasonable research, educational and communications expenses.

f. The Employer will reimburse the Employee for costs associated with leasing an appropriate automobile together with insurance coverage with respect to the same. The Employee shall be responsible for all operating costs; however, the Employer will reimburse the Employee at the Employer's standard mileage rate for mileage associated with university business.

g. Provided that the Employee's personal residence shall be available at reasonable times for purposes related to the discharging of her duties and responsibilities as President and Vice-Chancellor, the Employer shall pay to the Employee a housing allowance of $3,000.00 per month, provide snow clearance and snow removal services at the residence and provide appropriate event insurance for events at the Employee's residence, save that the Employee shall at all times be responsible for insuring any personal property and contents in her residence.

h. The Employee together with the Chair of the Board of Governors will establish an expense budget within the office of the President and Vice-Chancellor for costs associated with the hosting of events for the benefit of the University in the Employee's residence. The University will reimburse the Employee for such costs as and when incurred with periodic after the fact approval by the Chair of the Board of Governors

i. The Employer will provide the Employee with an appropriate T2200 form with a view to lawfully minimizing the tax consequences of the benefits and allowances herein.

4. **VACATION**

The Employer will provide the Employee with twenty-five (25) days of total annual vacation entitlement which vacation is to be taken with regard to the efficient operation of the University at the discretion of the Employee in consultation with the Chair of the Board of Governors.

5. **TERMINATION**

Notwithstanding anything herein contained to the contrary, the employment of the Employee as President and Vice-Chancellor may be terminated in the following manner:

a. **Termination by the Employer**

i. The employment of the Employee as President and Vice-Chancellor may be terminated effective at any time for cause by the Employer giving notice in writing of such termination to the Employee. If this agreement and the employment of the Employee hereunder are so terminated pursuant to this clause (i), the Employee shall receive any statutory benefits to which the Employee shall be entitled and shall continue to accrue and receive the Employee's said annual salary and benefits through to the date of termination indicated in the termination notice and no more.

ii. In the event that the Employee is terminated for cause, the Chair of the Board of Governors must notify the Employee in writing with the full particulars of the allegations against her. A hearing will be conducted where the Employee will be given an opportunity to provide full answer in defense to the allegations. The hearing will take place before a group of Board members as determined by the Chair. The Employee may choose to be represented by counsel.

iii. The employment of the Employee as President and Vice-Chancellor may be terminated at any time by the Employer giving to the Employee the following notice:

A. Where termination occurs in the first two (2) years of the contract, the Employee will be given notice of thirty six (36) months; (less all applicable withholdings and statutory remittances);

B. Where termination occurs in the last three (3) years of the contract, the Employee will be given notice of twenty four (24) months (less all applicable withholding and statutory remittances).

C. The Employee will have the option of receiving notice payments in a lump sum or in monthly payments If the Employee opts to receive these monthly payments, the University shall continue the Employee as a member of the University health and insurance plans, in so far as such continuing membership is permitted under the contractual arrangements between the University and its insurance carriers. In addition, the University shall continue to pay the University's portion of contributions to the Employee's pension plan throughout the notice period and such notice period shall be included in the calculation of credited service for the purposes of the pension provided for herein.

The Employee acknowledges that the foregoing provisions are in satisfaction of and substitution for any and all statutory and common law rights, including without limitation, any right to reasonable notice of termination. The Employee further acknowledges that as a condition of receiving any portion of the foregoing, it exceeds the minimum requirements under the *Employment Standards Act 2000*, S.O. 2000, c.41, as amended (the *ESA*), the Employee shall be required to execute a comprehensive release agreement as drafted by counsel to the Employer.

b. **Termination by Mutual Agreement**

This agreement and the employment of the Employee hereunder may be terminated by mutual agreement of the parties hereto in writing, in which event the Employee shall continue to accrue and receive the Employee's said annual salary and benefits through to the date of termination reached pursuant to such mutual agreement.

c. **Termination by Death**

This agreement and the employment of the Employee hereunder shall be automatically terminated by the death of the Employee. All compensation to the Employee shall cease at the Employee's death.

6. **PERSONAL INFORMATION/PRIVACY ACKNOWLEDGMENT**

The Employee agrees that the Employer may collect, use and disclose the information provided by the Employee for the purpose of managing the employment relationship.

7. **APPLICABLE LAW**

This agreement and the rights and obligations of the parties hereunder shall be construed and governed in accordance with the laws of the Province of Ontario. The parties acknowledge that the terms and conditions of this agreement are subject to the *Carleton University Act* being Chapter 117, Statutes of Ontario, 1952, as amended, the University's By-Laws enacted from time to time by the Board of Governors of the University and the Collective Agreement with the Academic Staff Association of Carleton University as may be applicable from time to time.

8. **ENTIRE AGREEMENT**

This agreement, and the documentation referred to herein contain the entire understanding and agreement between the parties hereto with respect to the employment of the Employee and the subject matter hereof and any and all previous agreements and representations, written or oral, express or implied, between the parties hereto or on their behalf, relating to the employment of the Employee by the Employer and the subject matter hereof, are hereby terminated and cancelled and each of the parties hereto hereby releases and forever discharges the other of and from all manner of actions, causes of action, claims and demands whatsoever under or in respect of any such prior agreements and representations. Except as provided herein, no amendment or variation of any of the provisions of this agreement shall be valid unless made in writing and signed by each of the parties hereto.

9. **NOTICES**

Any consent, approval, notice, request, or demand required or permitted to be given by one party to the other shall be in writing (including, without limitation, telex or telecopy communications) to be effective and shall be deemed to have been given on the earlier of receipt or the fifth day after mailing by registered mail as follows:

a. If to the Employer, to it at:

Carleton University
Administration Building Rm, 607(D)
Colonel By Drive
Ottawa, ON K1S 5B6

Attention: Chair Board of Governors

b. If to the Employee, at:

Dr. Roseann Runte
8 Rideau Shore Court
Nepean, ON K2C 3Y8

or such other address as may have been designated by written notice.

Any consent, approval, notice, request or demand aforesaid if delivered, telexed or telecopied shall be deemed to have been given on the date of such delivery, telex or telecopy transmission. Any such delivery shall be sufficient, *inter alia*, if left with an adult person at the above address of the Employee in the case of the Employee, and if left with the receptionist at the above address of the Employer in the case of the Employer. The Employer or the Employee may change its or the Employee's address for service, from time to time, by notice given in accordance with the foregoing.

10. **ARBITRATION**

Any issues arising out of the application, interpretation or administration of this agreement shall be determined by final and binding arbitration pursuant to the *Arbitration Act, 1991* S.O. 1991 c17 as amended. The Arbitrator shall be appointed in accordance with the *Arbitration Act, 1991* S.O. 1991 c17 as amended and the Arbitrator shall have the power to award compensational damages in case of breach the terms of this agreement; however, the Arbitrator shall not have the power to order reinstatement of the Employee nor shall the arbitrator have the power to amend or alter in any way the terms of this agreement.

11. **INDEPENDENT LEGAL ADVICE**

The Employee acknowledges that the Employee is aware that the Employee has the right to obtain independent legal advice before signing this agreement. The Employee hereby acknowledges and agrees that either such advice has been obtained or that the Employee does not wish to seek or obtain such independent legal advice. The Employee further acknowledges and agrees that the Employee has read this agreement and fully understands the terms of this agreement, and further agrees that all such terms are reasonable and that the Employee signs this agreement freely, voluntarily and without duress.

IN WITNESS WHEREOF the parties hereto have duly executed this agreement as of the date first above written.

SIGNED, SEALED & DELIVERED in the presence of:	) **CARLETON UNIVERSITY**
	) Per: ______________________ c/s I have authority to bind the corporation
	) Roseann Runte
Witness as to the signature of	) **DR. ROSEANN RUNTE**

This Agreement is effective as of the 1st day of July, 2014.

Between:

The Governors of the University of Calgary, a corporation created pursuant to the *Post-Secondary Learning Act* of the Province of Alberta, being Chapter P-19.5 S.A. 2003 (hereinafter called the "**Board**" or the "**University**")

- and -

Dr. M. Elizabeth Cannon, of the City of Calgary, in the Province of Alberta (hereinafter called "**Dr. Cannon**")

WHEREAS the Board, in accordance with the powers vested in it pursuant to the *Post-Secondary Learning Act*, appointed Dr. Cannon as President of the University of Calgary, and Dr. Cannon agreed to accept the appointment pursuant to the terms and conditions of an employment agreement dated March 23, 2010 (the "**First Employment Agreement**");

AND WHEREAS pursuant to the terms of the First Employment Agreement Dr. Cannon commenced her appointment as President as of July 1, 2010 (the "**Start Date**") for a term expiring July 1, 2015 (the "**First Term Expiration Date**");

AND WHEREAS the First Employment Agreement contained an option for the parties to renew the agreement upon terms and conditions mutually agreed upon between the parties;

AND WHEREAS prior to the First Term Expiration Date, the parties have mutually agreed to extend Dr. Cannon's appointment as President until June 30, 2020 (the "**Term Expiration Date**") upon the terms and conditions as set out herein;

NOW THEREFORE this Agreement witnesses that in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - GENERAL

Employment

1.01 Subject to the terms and conditions hereof, the Board appoints Dr. Cannon as President of the University and Dr. Cannon agrees to render services to the University in this capacity.

1.02 Dr. Cannon will report to the Board or such other Committees as may be designated by the Board acting on delegated authority of the Board, so long as such duties, powers and lines of reporting are as customarily done by a President in an autonomous educational institution of similar size and stature to the University.

1.03 Subject to the terms and conditions hereof, Dr. Cannon will also hold an appointment as Professor with tenure in the Department of Geomatics Engineering in the Schulich School of Engineering, provided however that so long as Dr. Cannon continues to hold the office of President, Dr. Cannon will not be entitled to receive any compensation, nor be expected to perform any duties, with respect to the appointment as Professor.

Term of Agreement

1.04 This Agreement shall commence as of July 1, 2014 and shall continue until the Term Expiration Date (hereinafter called the "**Term**"), unless earlier terminated in accordance with Article 4.

1.05 The Board and Dr. Cannon may agree to reappoint Dr. Cannon for additional terms, each for a period of five (5) years, upon such conditions as are mutually agreed upon by them in writing. The parties further agree that a contract for any additional terms shall be agreed upon by no later than one (1) year before the Term Expiration Date. If the parties do not agree to a reappointment or if the parties are unable to mutually agree upon the terms of such reappointment, Dr. Cannon's employment as President will automatically terminate without any further notice or payments in lieu of such notice at the Term Expiration Date, subject to earlier termination as outlined in Article 4. The parties agree and acknowledge that with respect to any reappointment the Board will follow University procedures, as may be amended from time to time by the Board.

ARTICLE 2 - REMUNERATION

Salary for Service

2.01 The University shall pay Dr. Cannon a gross annual salary in the amount of four hundred and eighty thousand dollars (**$480,000**) payable in accordance with the University's payroll practices and procedures ("**Base Salary**").

2.02 The Base Salary shall be reviewed by the Human Resources and Governance Committee or such Committee as may be designated by the Board acting on delegated authority of the Board not less frequently than annually.

Annual Incentive Pay

2.03 The Board commits to paying on an annual basis an Annual Incentive Payment with a target of 10% of Base Salary and potentially equal to a maximum of 20% of Base Salary. The quantum of the payment of any Annual Incentive Pay shall be determined by the Board, on the recommendation of the Human Resources and

Governance Committee or such Committee as may be designated by the Board acting on delegated authority of the Board and shall be based on the achievement of identified goals as may be mutually agreed upon between the Board and Dr. Cannon. The identified goals will be determined within six (6) weeks of the start of each year in the Term and be aligned with the strategic and financial direction of the University and is recognition for achievement that would be expected for superior performance.

2.04 For the year ending June 30, 2014, the University will pay to Dr. Cannon an Annual Incentive Payment in accordance with Article 2.03 of the First Employment Agreement. For the purposes of this payment, Dr. Cannon will be assessed against the goals established for the 2013-14 performance year.

Benefits

2.05 Dr. Cannon shall be entitled to participate in any and all benefit plans of the University generally available from time to time to its Senior Leadership Team, and in accordance with the terms thereof including but not limited to the Universities Academic Pension Plan, on the same basis and to the same extent as any regular full-time Senior Leadership Team member.

2.06 Dr. Cannon shall participate in the Supplemental Pension Plan established for senior officers of the University according to the terms and conditions defined in the Supplemental Pension Plan, and as may be amended from time to time by the Board and in compliance with Section 69 of the *Post-Secondary Learning Act*.

2.07 All benefits provided by the University to Dr. Cannon shall be done so in accordance with the formal plan documents or policies, and any issues with respect to entitlement or payment of benefits shall be governed by the terms of such documents or policies establishing the benefit in issue. The University reserves the right to change, substitute and delete benefits from time to time, so long as such change, substitution or deletion does not materially or detrimentally affect any right, protection or benefit to which Dr. Cannon is entitled, and that any resulting benefit shall be substantially similar to the benefits to which she is entitled hereunder.

Vacation

2.08 Dr. Cannon shall be entitled to six (6) weeks' paid vacation each year. Dr. Cannon will take her vacation at times having regard to the best interests of the University. Dr. Cannon may not carry forward unused vacation time, except with the prior written approval of the Board and, except as may be required by applicable employment standards legislation, will lose the entitlement to unused vacation.

Automobile

2.09 The University shall pay to Dr. Cannon an annual car allowance in the gross amount of sixteen thousand dollars ($16,000) per year, subject to applicable taxes and payable in semi-monthly instalments.

Executive and Professional Allowance

2.10 The University shall pay to Dr. Cannon an executive and professional allowance in the gross amount of fifteen thousand dollars ($15,000) for each full year of service (and to be pro-rated for any period less than a full year), subject to applicable taxes to be paid at a mutually agreeable time. The executive and professional allowance may be used for club, professional association and technical society memberships, along with executive medicals, financial planning assistance, and other similar expenses.

Indemnity

2.11 Subject to Section 2.12, the University shall defend, indemnify and save harmless Dr. Cannon from and against all losses, damages, liabilities, fines, penalties, costs and expenses arising from any demand, claim, action, proceeding or order whatsoever (hereinafter called a "**Claim**") made or brought against Dr. Cannon directly or indirectly, to the extent that such Claim relates to or arises as a result of or in connection with Dr. Cannon's performance of her obligations under this Agreement, except to the extent that such Claims result from Dr. Cannon's gross negligence and/or willful misconduct.

2.12 The University will indemnify and save Dr. Cannon harmless from and against all demands, Claims, costs, charges and expenses, including any amount paid to settle an action or satisfy a judgement, reasonably incurred by Dr. Cannon in respect of any civil, criminal or administrative action or proceeding to which Dr. Cannon is made a party by reason of being or having been the President of the University if:

2.12.01 Dr. Cannon acted honestly and in good faith with a view to the best interest of the University; and

2.12.02 In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, Dr. Cannon had reasonable grounds for believing that her conduct was lawful.

Taxes and Withholdings

2.13 Taxes or other amounts required by law to be deducted from any amount paid pursuant to this Agreement shall be withheld by the University and remitted on behalf of Dr. Cannon to the Canada Revenue Agency or the appropriate governmental entity.

ARTICLE 3 - COVENANTS OF DR. CANNON

Time of Service

3.01 During the Term, Dr. Cannon shall devote the whole of her working time, attention and ability to the affairs of the University and shall faithfully serve and use her best efforts to promote the interests of the University. Notwithstanding the aforesaid, Dr.

Cannon may hold appointments to the board of directors of organizations as requested by the University in addition to accepting up to two (2) appointments to boards of directors, or from holding similar part-time position(s), which are outside the University sphere and for personal compensation, provided the same is approved in writing and in advance, by the Executive Committee of the Board, such approval not to be unreasonably withheld.

Duties and Responsibilities

3.02 Dr. Cannon shall perform such duties and exercise such powers related to the office of President in accordance with the *Post-Secondary Learning Act* and as may be prescribed or specified from time to time by the Board, so long as such duties and powers are as customarily done by a President in an educational institution of similar size and stature to the University.

3.03 Dr. Cannon shall truly and faithfully account for and deliver to the University all money, securities and things of value belonging to the University which Dr. Cannon may from time to time receive for, from, or on account of the University.

3.04 Dr. Cannon expressly acknowledges that all reports required of the President, including but not limited to financial information, studies and business information, are to be provided in accordance with the rules, regulations and policies of the University.

Regulations and Policies

3.05 Dr. Cannon shall be bound by and shall faithfully observe and abide by all the rules, regulations, and policies of the University as they may be amended or created from time to time and which are brought to her notice or of which she could reasonably be aware.

Nondisclosure

3.06 Dr. Cannon shall not, either during the Term of this Agreement or at any time thereafter, disclose any information relating to the private or confidential affairs of the University or relating to any secrets of the University, to any person other than for the University's purposes and shall not, either during the Term of this Agreement or at any time thereafter, use for her own purposes, or for any purposes other than those of the University, any such information or secrets she may acquire in relation to the business of the University. The obligations in this Section 3.06 shall not apply to any information, affairs or secrets which are or may become part of the public domain or which may be required to be disclosed by law.

Return of Property

3.07 Upon the expiry of the term of Dr. Cannon as President or on other termination of the appointment, Dr. Cannon shall forthwith deliver or cause to be delivered to the University all books, documents, effects, money, securities or other property belonging to the University or for which the University is liable to others, which are in the possession, charge, control or custody of Dr. Cannon.

ARTICLE 4 - TERMINATION

No Limitation

4.01 Nothing in this Article restricts the power of the Board as provided for in the *Post-Secondary Learning Act*, and for the purposes of this Article, from terminating without cause, the appointment of Dr. Cannon as President of the University of Calgary prior to the Term Expiration Date. The Board may also terminate Dr. Cannon for cause and in such an event the lump sum payment as contemplated in Article 4 shall not be applicable or payable.

Termination Without cause

4.02 The Board may terminate Dr. Cannon's appointment as President at any time during the Term without cause. In case of termination without cause at any time prior to the Term Expiration Date, Dr. Cannon will be entitled to the following:

(a) Return to her position as a tenured professor in the Department of Geomatics Engineering of the Schulich School of Engineering; and

(b) A payment, less amounts required by law to be withheld, equal to the lesser of:

(i) 18 months Base Salary minus 18 months academic rank salary of the position that she returns to in the Department of Geomatics Engineering of the Schulich School of Engineering; or

(ii) the balance of Base Salary remaining to be paid for that portion of the Term of the Agreement still outstanding.

In the event that Dr. Cannon chooses to leave the University and not return to her position as a tenured Professor in the Department of Geomatics Engineering of the Schulich School of Engineering, the University will pay her the lesser of: (a) 18 months' Base Salary; or (b) the balance of the Base Salary remaining to be paid for that portion of the Term of the Agreement still outstanding.

In addition to the Base Salary which is payable pursuant to Section 4.02, Dr. Cannon shall also receive payments pursuant to Sections 2.09 and 2.10 of this Agreement, for each month for a period equal to the lesser of 18 months or the balance of the months remaining on the balance of the Term. In addition to the amount payable under this section 4.02, Dr. Cannon shall receive a pro-rata portion of any Administrative Leave and Administrative Pay which has accrued (but remained unpaid) pursuant to Section 5.02. No other amounts will be paid. Any payment under this Section 4.02 is conditional upon Dr. Cannon signing and delivering a Release to the University in a form satisfactory to the University.

Resignation

4.03 Dr. Cannon may terminate her service as President at any time during the Term upon giving at least three (3) months while endeavouring to give six (6) months written notice thereof to the Board, in which case Dr. Cannon is for that notice period entitled to salary, benefits and other entitlements provided for in this Agreement, including the continued accrual of Administrative Leave entitlement under Section 5.02. At the end of the notice period given by Dr. Cannon pursuant to this Section 4.03, Dr. Cannon shall receive a pro-rata portion of any Administrative Leave and Administrative Pay which has accrued (but remained unpaid) under Section 5.02.

Alternate Methods of Meeting Financial Obligations

4.04 If the Board terminates Dr. Cannon's appointment as President at any time during the Term pursuant to Section 4.02, Dr. Cannon may discuss and agree with the Board on alternate methods of meeting the financial obligations set out in Section 4.02 above.

4.05 In the event that Dr. Cannon's employment is terminated for Cause, pursuant to Section 4.01 above, Dr. Cannon shall be entitled to her accrued but unused Administrative Leave entitlement, plus an additional pro-rata leave entitlement for the year of employment in which she was terminated.

ARTICLE 5 - PROVISIONS AT CONCLUSION OF APPOINTMENT

Commencement of Duties as Professor

5.01 At the Term Expiration Date or upon termination with or without cause and after the expiry of any Administrative Leave (as defined below), Dr. Cannon may forthwith commence duties on a full-time basis as a tenured Professor in the Department of Geomatics Engineering of the Schulich School of Engineering at a rate of remuneration appropriate to Dr. Cannon's qualifications and experience to be negotiated between Dr. Cannon and the Board (subject to the provisions of any applicable Collective Agreement), except that if not otherwise agreed Dr. Cannon's remuneration shall be Dr. Cannon's academic rank salary as of the effective date of this Agreement plus the value of each annual adjustment and deemed increment awarded during the Term of this Agreement. For the purposes of this Section, the terms "academic rank salary" "annual adjustment" and "increment awarded" have the same meaning as those terms are defined in the Collective Agreement with the University of Calgary Faculty Association except that the deemed increment will be calculated as the average of the most recent five (5) years that Dr. Cannon was assessed under the Collective Agreement.

5.02 The parties agree that research and scholarship leave or administrative leave (collectively "**Administrative Leave**") during an appointment as President is not practical. In lieu of Administrative Leave during Dr. Cannon's appointment as President, commencing as of the Start Date Dr. Cannon will be entitled to one fifth (1/5) of a year Administrative Leave for each year period she has served as

President. For every one fifth (1/5) year of Administrative Leave earned, Dr. Cannon shall be provided with twenty percent (20%) of her gross Base Salary adjusted annually for inflation by the "across the board" annual adjustment negotiated for academic staff, in the year which the Administrative Leave was earned (the "**Administrative Pay**"). Each year's entitlement to Administrative Leave and Administrative Pay will be aggregated and will be provided to Dr. Cannon on a consecutive basis upon the termination of her appointment as President. For greater clarity, as of the Term Expiration Date Dr. Cannon will be entitled to two (2) years of Administrative Leave. In the event that Dr. Cannon's Term is renewed pursuant to Section 1.05 above for an additional five (5) years, the University shall grant an additional one (1) year Administrative Leave upon substantially similar conditions as those set out in this Article 5. For the sake of greater clarity the parties agree that there shall be no cash benefit by way of Administrative Pay or otherwise payable to Dr. Cannon in the event she elects to forfeit an Administrative Leave.

5.03 During Administrative Leave the University will continue to provide benefits coverage pursuant to Sections 2.05 and 2.06. For the purposes of establishing the level of benefits including pension and supplementary pension, Dr. Cannon's salary of record during the year of Administrative Leave will be her gross Base Salary paid during her final year as President.

5.04 During each year of the Administrative Leave, upon Dr. Cannon's written request, the University shall make available to Dr. Cannon an annual research allowance in the gross amount of fifteen thousand dollars ($15,000) in accordance with the University's policies and procedures.

5.05 Upon the conclusion of Dr. Cannon's appointment as President, the termination of the appointment (howsoever caused) or after the expiry of any period of salary continuance in the event of termination on a without cause basis, if Dr. Cannon does not elect to take the Administrative Leave, any accrued (but unpaid) Administrative Leave and Administrative Pay shall be forfeited. In the event that Dr. Cannon does not take Administrative Leave it is understood that Dr. Cannon may commence duties as a Professor in the Department of Geomatics Engineering of the Schulich School of Engineering. If Dr. Cannon returns to teaching duties without taking Administrative Leave, for the year immediately following her presidency or following any period of salary continuance, Dr. Cannon's salary of record for pension and supplementary pension purposes will be equal to her gross Base Salary during the final year as President and not the aggregate of the Administrative Pay and her professorial salary.

ARTICLE 6 - INTERPRETATION AND ENFORCEMENT

Fair and Reasonable

6.01 The parties confirm that the notice and pay in lieu of notice provisions contained in this Agreement are fair and reasonable and the parties agree that upon any termination by the Board pursuant to Section 4.02, or upon any termination effected by Dr. Cannon pursuant to Section 4.03, Dr. Cannon, except in respect of amounts payable in respect of termination as herein set forth, shall have no action, cause of action, Claim or demand against the University based upon the termination and severance provisions herein.

Sections and Headings

6.02 The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The term "this Agreement" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections in this Agreement.

6.03 In this Agreement, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

Benefit of Agreement

6.04 This Agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators and legal personal representatives of Dr. Cannon and the successors and assigns of the University respectively. The obligation of the Board to make any payment to Dr. Cannon pursuant to this Agreement shall not be affected by, and the amount of such payment shall not be reduced by virtue of the death of Dr. Cannon in which event the amounts payable shall be paid to the beneficiary designated by Dr. Cannon pursuant to the University's Death Benefit Policy. In the event of the death of Dr. Cannon, the University owes to Dr. Cannon's estate or beneficiary everything earned up to the time of death. The event of death terminates the employment agreement.

Entire Agreement

6.05 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements (including, without limitation, the First Employment Agreement) between the parties with respect thereto. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express, implied or statutory between the parties other than as expressly set forth in this Agreement.

Amendments and Waivers

6.06 No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

Assignment

6.07 Neither this Agreement nor the rights or obligations hereunder may be assigned by either party.

Severability

6.08 If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

Notices

6.09 Any demand, notice or other communication (in this Section referred to as a "**Communication**") to be made or given in connection with this Agreement shall be made or given in writing and may be made or given by personal delivery or by registered mail addressed to the recipient as follows:

To Dr. Cannon:

[redacted]

To the University:

Chair, Board of Governors
The University of Calgary
2500 University Drive N.W.
Calgary, Alberta
T2N 1N4

or such other address as may be designated by either party to the other. Any Communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if made or given by registered mail, on the third day, other than a Saturday, Sunday or statutory holiday in Alberta, following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of the mail, any such Communication shall not be mailed but shall be made or given by personal delivery.

Governing Law

6.10 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

Attornment

6.11 For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have exclusive jurisdiction to entertain any action arising under this Agreement. The University and Dr. Cannon each hereby attorn to the jurisdiction of the courts of the Province of Alberta provided that nothing herein contained shall prevent the University from proceeding at its election against Dr. Cannon in the courts of any other province or country.

Provisions Which Operate Following Termination

6.12 Notwithstanding the termination of the appointment of the President for any reason whatsoever and with or without cause, or as at the Term Expiration Date, the provisions of Sections 2.11, 2.12, 3.06 and 3.07 shall continue in full force and effect.

Execution in Counterpart

6.13 This Agreement may be executed in counterpart, each of which shall be deemed to be an original and all counterparts shall together constitute one agreement. Delivery to a party may be effected by the delivery of a facsimile copy of a signed execution page to that party.

Copy of the Agreement

6.14 Dr. Cannon hereby acknowledges receipt of a copy of this Agreement duly signed by the University.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date and year first written above.

The Governors of The University of Calgary:

Chair

Witness

Dr. M. Elizabeth Cannon