

# CUPE FACTS

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## Union Dues and the Rand Formula

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### Union Dues

Union dues are the way workers who have decided to form a union pool their resources to enable the work of the union. Union dues fund the cost of bargaining, the cost of enforcing the collective agreement, and the cost of campaigns union members instruct their union to conduct.

No single worker could afford the cost of taking a grievance to arbitration. No worker could survive a strike or a lockout without strike pay. Union dues help workers create their national strike fund.

CUPE members' dues, managed by the National Secretary Treasurer, are used to fund union priorities identified by the members. CUPE members decide if we donate to other workers on strike, or to the United Way or other worthy charities. Union members decide to conduct campaigns to defend public medicare or pensions for all workers for example.

In Canada, the union dues paid by all workers in a unionized workplace flow to certified unions as a result of a Supreme Court Decision from 1946, known as the Rand Formula. It is this system of dues collection that is under threat from right wing governments and

politicians at both the federal and provincial level.

### What is the Rand Formula?

The Rand Formula dates back to an arbitration decision by Canadian Court Justice Ivan Rand in 1946 which was part of the arbitration settlement that ended a United Auto Workers' strike at the Windsor, Ontario Ford plant.

**The Rand Formula is also known as "Dues Check-Off" or "Agency Shop"**

At the heart of the decision was the recognition of the union as the bargaining agent for all workers at the plant. Justice Rand decided that union dues should be paid by all those who benefited from the union contract, not just the signed members of the union. Justice Rand saw dues check-off as fostering labour peace and a harmonious labour relations climate in Canada.

In his decision, Justice Rand ruled that the employer would deduct those dues from all unionized employees' pay cheques and forward the funds to the union. As a result of Rand and subsequent court decisions, dues check-off can be included in the collective agreement at the request of the union in most provinces and has become known as the Rand Formula.

Without the Rand decision, and where dues check-off is not available, unions must go member to member each month to collect dues. The Rand decision means that unions can focus resources on

carrying out work of representing members instead of just maintaining financial sustainability.

### What is the purpose of the Rand Formula?

The Rand Formula establishes the legality of automatic dues check-off from all those covered by a collective agreement. This prevents "free riders", or workers who would benefit from the activities of the union but do not want to pay union dues.

### Why are union dues necessary?

In Canada, unions are formed when the majority of workers in a workplace vote to unionize. All members of the union benefit from the wages and benefits negotiated in their collective agreement, the professional representation provided by the union, and other benefits of membership. These activities are funded by the payment of union dues.

Dues levels are set democratically by members of the union.

Unions have a legal duty to represent their members. Even if a worker was able to opt out of paying dues, the union would be legally obligated to represent that worker and gain from the wages and benefits negotiated by the union. It's only fair everyone pays their dues.

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