

NATIONAL SECRETARY-TREASURER'S REPORT TO THE NATIONAL EXECUTIVE BOARD

Ottawa, Ontario
June 22-23, 2011

Sisters and Brothers:

What a spring 2011 decided to give us. Only halfway through the year and our members have experienced spectacular highs – like the federal NDP winning Official Opposition – to sobering lows with devastating floods in Saskatchewan, Manitoba and Quebec and destructive fires in Alberta.

We are fortunate in CUPE to at least have had financial stability and a General Fund that offers us some flexibility as the challenges to our members and our union continue to mount. The challenges thrown at us by nature are difficult to prevent, but we can work to force back the attacks that come from those who would like to see unions fade away and workers stripped of their rights.

At each Division convention this spring, as well as HEU, I explained that the NEB had decided to make this year's budget an elections budget. We put as much of our new revenue as we could into the federal election and the many provincial elections that take place this year. And, after the federal election results, I am happy to say that we are getting our money's worth!

Our elections budget meant that we were able to support eight CUPE staff coordinators and a total of 39 member coordinators across the country to engage locals in reaching out to members with information about issues and parties. These coordinators were able to explain to locals why it is so important to organize membership lists and make them available for CUPE to contact members in targeted ridings. Our campaign teams were able to directly contact close to 50,000 members by telephone or e-mail and generated well over 300 volunteers to work in targeted ridings.

Not only did we contribute to the NDP win, but we laid the groundwork for elections this fall in Saskatchewan, Manitoba, Ontario, Prince Edward Island, Newfoundland and Labrador and possibly British Columbia. We had the largest elections budget ever, but certainly could use more. With a \$1.3 million operating surplus in the General Fund in the first quarter of 2011, this may be possible.



Part of that surplus is generated by underspending in the first quarter in the Anti-Privatization budget; however, we can be certain that this reflects the time spent by regions in developing campaigns. Without a doubt, the fight is on from coast to coast to coast. Our members are pushing back against government plans to use a P3 to build seniors' housing in PEI, against contracting out garbage collection and much more in Toronto, against a party trying to unseat the NDP government in Manitoba by promising to privatize Manitoba Hydro, against contracting out surgeries in Saskatchewan – you name it, the privateers are trying to make it theirs.

I am pleased to report some improvements in the way regions are integrating local campaigns in their anti-privatization proposals. Yet, we are still receiving many requests from locals for cost-shared campaigns to fight privatization and contracting out. That is one of the reasons that in the first quarter of 2011, the NEB approved requests representing 55% of the annual budget for cost-shared campaigns under the National Defence Fund. That fund shows a net deficit of \$377,000 in the first quarter.

We will continue to encourage regions and locals to coordinate their anti-privatization campaigns in order to maximize the benefit from the available funds.

On the operations side, activity is also at a high level. Construction work is beginning on the new Ontario Regional Office and architect selection has taken place for the construction of a new building next to the National Office.

Our Technology department continues its work on redesigning the Local Union Information System (LUIS). Other important work is underway to help improve our internal communications through the development of a CUPE Intranet or internal web site. The huge shift in the way we communicate is also being met head on by Union Development, with a reference group working on a new social media workshop and our literacy coordinator looking into e-learning.

These are all important developments that will serve the national union, divisions, locals and members well as we work to protect our collective agreements, our rights in the workplace and the public services that we deliver to our communities.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED March 31, 2011

General Fund

The total assets in the General Fund at March 31, 2011 were \$130.0 million compared to \$128.2 million at December 31, 2010. The bank balance at March 31, 2011 was \$19.1 million compared to \$13.5 million at December 31, 2010. Included in our cash position is \$12.9 million of funds reserved for specific purposes such as the Regional Building Fund, retirement payouts, employee future benefit funding, the 2011 convention and retroactive wages. Our investment monies reserved to fund Employee Future Benefit expenses continued to grow and now stand at \$25.3 million.

Although there was not a significant amount of expenditures on capital assets in the quarter there continues to be a lot of activity in the acquisition of property with design work on our new Toronto office nearing completion and design work on an expansion building to house the growth at National getting underway.

The total liabilities in the General Fund were \$81.1 million at March 31, 2011 virtually unchanged from \$81.0 million at December 31, 2010.

The Fund Balance in the General Fund as of March 31, 2011 was \$48.9 million, compared to \$47.2 million as of December 31, 2010. Of this, \$8.2 million represents funds restricted to a specific usage (Convention and National Events Assistance, Fightback, Anti-Privatization and Regional Building Fund) and \$35.9 million is invested in capital assets.

The operating surplus after provision for the Regional Building Fund for the first quarter of 2011 is \$1.3 million. Per Capita revenue is over budget by \$509,000. At the same time, expenditures for the quarter were under budget by \$2.2 million.

Below are some of the significant variances in expenditures:

1. The Anti-Privatization budget is **underspent** for the quarter in the amount of \$372,000. In addition to the \$2.5 million 2011 budget, we also have \$356,000 from prior years available to be spent (\$253,000 from 2009 and \$103,000 from 2010).
2. Strengthening Provincial Divisions is **underspent** by \$229,000 which is simply a timing difference between when the expense was budgeted compared to when payments are made.
3. Fixed Travel is **under** budget by \$209,000 or 7.8%. In 2011, the budget for fixed travel was reduced by 3.9% as historical analysis showed it was consistently underspent over the past few years. We will monitor the actual expenditures throughout 2011 to determine whether the budget is now at the correct level. It is interesting to note that within this budget line, our spending on fuel is up 15% over the same period last year.
4. Election spending is \$196,000 **under** budget but is expected to be spent in full for 2011.

Unfunded Liability

We continue to make headway toward recognizing our obligations for employee future benefits. The booked liability stood at \$46.1 million at March 31, 2011 compared to \$45.5 million at December 31, 2010. The actual total liability at December 31, 2010 is

\$216 million. Progression along the roadmap updated in the 2010 budget process will see us continue to make progress toward booking the entire liability on our Balance Sheet over the next 20 years.

National Defence Fund

Assets in the National Defence Fund as of March 31, 2011 totaled \$8.6 million, compared to \$8.8 million at December 31, 2010. Liabilities totaled \$5.8 million, leaving a Fund Balance of \$2.8 million. Total revenue for the first quarter of 2011 is \$2.1 million against expenditures of \$2.5 million leaving a net deficit for the quarter of \$377,000.

Cost-share programs approved by the National Executive Board in the first quarter of 2011 totaled \$1.3 million, representing 55% of the annual budget. Major Organizing expenses were \$367,000, while National Strategic Initiatives totaled \$690,000. Spending on Regional Strategic Initiatives for the first quarter totaled \$142,000.

National Strike Fund

Total Assets in the Strike Fund as of March 31, 2011 were \$46.4 million, compared to \$44.0 million at December 31, 2010. These assets consisted of \$5.9 million in cash, \$1.5 million in per capita receivable, \$548,000 due back from locals on final reconciliation of strike pay, \$195,000 receivable from the General Fund and \$38.2 million in investments. Under Liabilities, there were accounts payable and accrued liabilities of \$208,000, and payables to the Defence Fund of \$11,000. Therefore, at March 31, 2011 the Fund Balance was \$46.2 million, compared to \$43.7 million at December 31, 2010.

Revenue into the Strike Fund, including investment income, was \$3.2 million. Expenditures for the quarter were \$461,000. This results in a net surplus for the quarter of \$2.8 million.

STRIKES, LOCKOUTS AND SETTLEMENTS

At long last, the members of Local 4576, Sainte-Anne-de-Madawaska Municipal Employees in New Brunswick, locked out on June 16, 2010, reached a settlement 10 months later on April 18, 2011.

The 300 members of Local 1858, Vancouver Island University in British Columbia, received strike pay under the National Strike Fund as they honoured the picket lines set up by the VIU Faculty Association from March 10, 2011 to April 12, 2011.

Local 2729, City of Sherbrooke in Quebec, strike ran from December 25, 2010 to January 7, 2011 although a settlement was not reached. The local is still in conciliation.

PER CAPITA ARREARS

The March 2011 arrears total at May 18 was \$6,243,629.40 and has increased from February 2011 by \$688,982.92 or 12.4%.

TECHNOLOGY REPORT

Technology is currently focused on a number of long term projects and initiatives. Work continues on linking all of our smaller area offices into the main computer network and building a new secure virtual network to allow staff to use our systems both inside and outside the office.

Development work continues on the redesign of the Local Union Information System (LUIS). This is one of the largest projects using internal programming resources that we have undertaken to date with the team focused on both completing the functional design and initial base level programming. Due to the size of this project, the target delivery date is currently late 2012. This will fix lingering issues with the database and bring many new features to the system, including linking with its companion system (Maurice) in Quebec. The new Human Resources Information System (HRIS), originally scheduled to be in production in May, has been delayed due to some minor technical issues. The implementation team is working hard on resolving these issues. Although a new target date has not been set, we are optimistic it will be in place within the next few months.

Work has begun on gathering requirements for one of the key initiatives, the creation of an internal website, also known as an Intranet. In creating an Intranet, we are addressing the need to bring together the vast amounts of information and tools needed by staff on a daily basis and foster increased communication and collaboration across the country.

PROPERTIES AND LEASEHOLDS

Properties

The design stage for fitting up 80 Commerce Valley Drive in Markham, Ontario is nearing completion. Demolition and tendering on the re-fit have commenced. Notice has been given to the landlord that we will be exercising our option to purchase the property per the purchase option clause contained in the lease. The proposed closing date for the purchase and sale transaction is September 30, 2011. We have been canvassing the lending market for mortgage financing and will be reviewing offers within the next few weeks. A motion will be presented at this Board to ratify exercising the option to purchase and the application to secure the mortgage loan.

In order to accommodate growth at National Office, initial planning has commenced for the construction of a new building on the portion of the property located at 1378 Triole Street. The proposed two-storey building will accommodate on the ground floor the Ottawa Area Office as well as the staff assigned to Local 503 (currently located in a satellite office on Carling Avenue), and maintain the second floor for future use as expansion space for National Office. The building will be designed to allow for additional long-term future expansion and we will be targeting LEED silver certification. Occupancy is targeted for September 2012. Architects were selected through a competitive process and design of the building has begun. The estimates are still quite preliminary. A motion will be presented at the September Board to ratify the construction of this new building.

We are exploring the accessibility options available to us to address the physical barriers in the Charlottetown Area Office in Prince Edward Island. We are weighing the benefits of renovating the existing office to make it accessible against selling and moving to a new fully accessible building.

Having considered the state of the current market place in Victoria, B.C., the co-owners of the land determined that the best option available at this time is to take the land off the market and to continue to hold the investment, allowing the market sufficient time to correct itself. It was decided to prudently renew the lease for the Victoria Area Office in British Columbia to January 31, 2014, a further two-year term period beyond the scheduled expiry of January 31, 2012.

Leaseholds

Staff moved into the new Sault Ste-Marie Area Office in Ontario on April 29, 2011.

The lease for the Barrie Area Office in Ontario is scheduled to expire February 2012. We are in the process of identifying the enhancements needed to the space to meet our expanded requirements and will approach the landlord seeking a five-year renewal and contribution to the improvements.

In Edmonton, Alberta, investigations are underway to identify potential alternate lease accommodation for the relocation of the Alberta Regional Office in Edmonton on lease expiry (February 29, 2012).

NATIONAL CONVENTION

We are in the midst of preparing for our 25th biennial convention which will be held in Vancouver, B.C. this fall from October 31 to November 4. The site visit for both logistical purposes and accessibility took place from May 24 to May 26, inclusive.

Two members of the Persons with Disabilities National Working Group, along with CUPE staff, visited the convention centre, the headquarters hotel and some of our delegate hotels to ensure that members with disabilities do not face barriers to participation.

The advance notice package was sent to all chartered organizations in early May and contained information on the delegates' travel and accommodation arrangements. The delegates' hotels for this year's convention are the Blue Horizon, the Four Seasons, the Fairmont Hotel Vancouver, the Renaissance Harbourside and the Hyatt Regency.

With summer fast approaching, we will soon be in full swing with our convention planning. The credential forms and the official call, along with the child care application and the Youth Council's Week-Long Education Program – which is new this year – will be sent on August 2.

Look for all convention updates and information on the CUPE web site at <http://cupe.ca/convention-2011>.

CUPE continues to be committed and dedicated to providing its members and staff with a comfortable and enjoyable convention experience.

TRAINING AND DEVELOPMENT

Increasing Union Capacity

Union Development Department activities in this last quarter clearly show the impact that CUPE education has in adding capacity to our union, increasing our presence in the workplace, the community and in electoral politics.

Weeklong schools held in the regions this year were very well attended, with a total of 378 members participating in skills building, strategic planning and networking.

Divisions, Bargaining Councils and Locals in Saskatchewan, Manitoba, Nova Scotia, Newfoundland Labrador and Ontario have utilized the facilitation skills of UDD staff to assist in strategic planning around setting priorities, political action and campaigns to address needs of the members.

To no one's surprise, the Steward Learning Series continues to be the most popular part of the union education program. A key component of the series is the integration of equality issues into mainstream union work. This is resulting in more demand for the longer, more detailed equality workshops. The Steward Passport and Certificates are now in stock and are being distributed. A new Steward Handbook is being piloted and is on track for wide distribution in the fall.

We were able to help CUPE Newfoundland Labrador engage their membership in discussion about the Comprehensive Economic Trade Agreement between Europe and Canada. Their Privatization and Contracting Out Committee focused their two-day conference on CETA. Members learned about trade agreements and how to prevent their implementation in laughter-filled role plays that illustrated the serious consequences for public services and communities. The members committed to working toward a record turnout at the CETA Town Hall meeting on June 29, organized by CUPE and the Council of Canadians.

Twenty-seven members and staff have been trained as Ombudspersons in accordance with the Code of Conduct. They will form a pool of expertise across the country that can be accessed for CUPE National events and by chartered organizations that have adopted the Code.

Finally, in recognizing the increasing capacity of our union, our workshop on Building Stronger Local Unions has been popular, especially in Ontario and Saskatchewan. This workshop gives leaders and activists some ideas and practice on different approaches to try in their locals. We have noticed that new and younger members are attracted to these approaches.

Staff Changes

Union Development had very mixed emotions when Sister Connie Credico accepted the position of Regional Director in Alberta. Her dedication to union education will be missed in British Columbia and she was a key player on our National team. On the other hand, we're very excited for the members and staff in Alberta, as we know she brings a wealth of experience and solid trade union principles to their team.

Sister Ruth Scher was the successful applicant for the position of Education Representative in British Columbia. With her long time CUPE experience in Research and Equality, we are looking forward to her contributions to the program.

PENSION ADMINISTRATION

The actuarial valuation of the CUPE Employees' Pension Plan must be filed with the regulators at January 1, 2011. The trustees have asked the settlors to attend the presentation of the actuarial valuation at the June meeting. The trustees will discuss the results of the solvency valuation, which shows a solvency ratio below 100%. The trustees may also look at possible changes to the economic and non-economic assumptions under the funding valuation.

The auditors of the CUPE Employees' Pension Plan have completed the 2010 audit of the Pension Fund and the 2010 financial statements will be presented to the trustees at the June meeting for their approval.

The 2010 Report to Members is well underway and will be posted on the CEPP website – www.cepp.ca, along with the financial statements, once finalized.

The Pension Plan staff is currently working on the preparation of the 2010 Annual Statements, which describes the members' pension credits and entitlements. The statements will be mailed to all active plan members late June 2011.

The planning of the Fall 2011 pre-retirement seminars is well underway. Two seminars will be held in September, one in Vancouver and one in Ottawa. The locations of the other two seminars will soon be determined. The seminars are offered to pension plan members who have attained age 45 years and have five years of credited service under the plan. The seminars better prepare members psychologically and financially for their retirements.

Deaths

Brother Pascal Ingenito, retiree, former Managing Director of O&RS – April 29, 2011
Mrs. Gisèle Lebel, spouse of retiree Gilles Lebel – May 17, 2011
Mrs. Claudette Ouelette, spouse of retiree Elie Ouelette – May 24, 2011
Mr. Edward Zackon, spouse of retiree Beryl Zackon, June 2, 2011
Brother Jean Thébeau, retiree, former Maritimes Regional Director – June 21, 2011

Retirements

Brother Paul Barry, Ontario Regional Office – May 1, 2011
Brother Bryan Brotzel, Prince Albert Area Office – July 1, 2011
Brother James E.A. Stanley, Saint John Area Office – July 1, 2011
Sister Barbara J. Williams, Kingston Area Office – December 1, 2011
Sister Suze Kilgour, Victoria Area Office – January 1, 2012
Sister Susan Attenborough, National Office – January 1, 2012

CONCLUSION

We head into summer knowing in every part of CUPE that there will not be much of a lull in the work that must be done. We are forced to carry on our everyday work, such as negotiating collective agreements, in an environment where the right wing is flexing its muscle. At the same time as we saw a stunning victory for the NDP in forming the Official Opposition in Parliament, we also saw the election of a Harper majority. Now, our task is to make sure that right wing victory is not repeated in the provinces that go to the polls this fall.

We will also be working toward that biannual event that invigorates and strengthens us – our National Convention, held this year in Vancouver. I look forward to meeting a new wave of activists coming out of our anti-privatization campaigns and our election work. And I am also excited about the next generation of trade unionists who will get their start at a brand new Youth Council week-long education program for ages 9 to 14.

I wish you all a pleasant summer where you can enjoy some time off with family and friends and look forward to seeing you in the fall.

Respectfully submitted,

A handwritten signature in cursive script that reads "Claude Généreux". The signature is written in black ink and is positioned above the printed name.

CLAUDE GÉNÉREUX
National Secretary-Treasurer

:pmc/ceu