

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

Ottawa, Ontario  
September 21-22, 2011

Sisters and Brothers:

I am honoured and pleased to submit to you my fortieth and final quarterly report. As we prepare for our National Convention, we are faced with some challenges in the current economic climate but also have many things working in our favour.

One of our greatest financial challenges in 2011 continues to be the solvency ratio of the CUPE Employees' Pension Plan. While the plan is in good shape as a going concern, the Actuarial Valuation that must be filed by the end of this month shows the solvency ratio to be below 100%. For the first time in CUPE's history we will have to make special payments under these regulations in addition to the current service costs of close to \$10 million a year. All this will have an impact on the 2012 budget.

We go into this National Executive Board meeting with 96% of the annual budget for cost-share programs under the National Defence Fund already allocated. Some may view this as a financial challenge, but in our union we see it as evidence of activism and militancy as members fight back against the ever-growing assault on public services and public sector workers. We are bringing additional requests to this NEB that will take us over budget, with one more Board meeting still to come in this fiscal year.

I have no doubt that the campaigns waged by our locals and divisions are absolutely necessary. The reality is we must fight back, especially in Canada's largest city where a right-wing mayor has decided to fight our members on every front. The costs of getting our message out to the public and mobilizing members across many locals in hundreds of work sites are high but worth every penny.

We will consider these requests knowing that overall our union remains on a sound financial footing. Total assets in the General Fund stood at \$135.2 million at March 31, 2011. We continue to make progress on recognizing our obligations for employee future benefits and our investment monies reserved to these expenses grew slightly in the second quarter. We now have booked \$47.3 million in our General Fund.

In 2005 the National Executive Board approved an investment plan for CUPE's internal funds. This has become commonly referred to as the "Roadmap." We then reviewed our investment policies. Our constitution is clear on what can and cannot be done.

PAUL MOIST – National President / Président national CLAUDE GÉNÉREUX – National Secretary-Treasurer / Secrétaire-trésorier national

TOM GRAHAM – FRED HAHN – DANIEL LÉGÈRE – LUCIE LEVASSEUR – BARRY O'NEILL – General Vice-Presidents / Vice-présidents généraux

We have had strong cash balances across all funds for quite some time now. It is customary to review these policies periodically and as such, we will be looking to conduct such a review in the coming year.

I am particularly proud that I will leave this office knowing we have built the capacity to survive further economic and financial challenges. We have real assets in the equity we have in our buildings. Construction on the new Ontario Regional Office in Markham is underway. Plans are being developed for a new building next door to our National Office in Ottawa. It's hard to believe that we are outgrowing our new National Office so quickly. The new building will house the Ottawa Area Office and give us more room to grow.

As our National Executive Board meets, election campaigns are well underway in many provinces along with municipal votes in British Columbia. We are making an unprecedented investment in efforts to mobilize our members to vote for parties and candidates who recognize the value of public services and the workers who provide them. As well, we have been able to use our financial well-being to assist our party, the NDP, in some provinces by acting as guarantor for loans to finance their campaigns. With good campaign plans and hard work, we can build on the successes we saw in the last spring's federal vote.

I have finalized this report after the untimely passing of Jack Layton. As Paul's and other reports will go deeper in acknowledging Jack Layton's legacy to all of us, I will only say in my report that this country is not the same as it was before summer.

Internally, we continue to build our capacity among both staff and members. The Union Development Department is working constantly to provide education programs for members and to make better use of member facilitators in delivering those programs. New courses have also been developed for staff training. Staff can also look forward to having easier access to CUPE information, forms and tools as our Technology Department continues its work on a CUPE Intranet.

Capacity building also applies to local financial operations and the work our Per Capita Department is doing to help avoid arrears, short payments and over payments. It is important that locals file Trustee Reports annually and ensure that their National Representatives are copied on those reports. This is one of the best ways we have to identify problems early.

## **FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2011**

### ***General Fund***

The total assets in the General Fund at June 30, 2011 were \$135.2 million compared to \$130.0 million at March 31, 2011. The bank balance at June 30, 2011 was \$18.0 million compared to \$19.1 million at March 31, 2011. The decrease in the bank balance from

the previous quarter is largely a result of the Canada Post lockout which occurred in the latter part of June 2011. Included in our cash position is \$15.4 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 grew slightly in this second quarter and now stand at \$25.4 million.

Fixed assets have increased \$1.7 million in this second quarter of 2011. Construction of the new office space to house the Ontario Regional Office is now underway and expenditures in the quarter totaled \$967,000. A new capital lease was signed for an additional 2768 square feet in the Montreal office in May totaling \$623,000. There was renovation work done in the Regina office totaling \$98,000 and completion of the relocation of the Sault Ste. Marie office saw final expenditures of \$239,000.

The total liabilities in the General Fund were \$84.3 million at June 30, 2011 representing an increase of \$3.3 million from March 31, 2011.

The Fund Balance in the General Fund as of June 30, 2011 has now reached \$50.9 million, compared to \$48.9 million as of March 31, 2011. Of this, \$8.3 million represents funds restricted to a specific use (Convention and National Events Assistance, Fightback, Anti-Privatization and Regional Building Fund) and \$37.2 million is invested in capital assets.

The operating surplus after provision for the Regional Building Fund for the first six months of 2011 is \$3.2 million. Per Capita revenue is over budget by \$1.4 million. At the same time, expenditures for the period were under budget by \$3.2 million.

Below are some of the significant variances in expenditures:

1. The Anti-Privatization budget is **underspent** for the year so far in the amount of \$672,000. 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. Fixed Travel is **under** budget by \$339,000 or 6.4%. 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 continue to monitor the actual expenditures throughout 2011 to determine whether the budget is now at the correct level. Within this budget line, our spending on fuel is now up 20% over the same period last year.
3. Election spending is currently \$300,000 **under** budget but is expected to be spent in full for 2011. At the March 2011 NEB it was noted that there will be financial room for this budget line to in fact be overspent by \$300,000 in 2011, reflecting the unusual level of election activity at both the federal and provincial levels this year.

4. Strengthening Provincial Divisions is **underspent** by \$140,000 which is simply a timing difference between when the expense was budgeted compared to when payments are made. The three largest divisions are now on a quarterly payment schedule going forward so the budget timing will be changed to reflect this in 2012.

### **Unfunded Liability**

We continue to make headway toward recognizing our obligations for employee future benefits. The booked liability stood at \$47.3 million at June 30, 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 June 30, 2011 totaled \$7.1 million, compared to \$8.6 million at March 31, 2011. Liabilities totaled \$4.3 million, leaving a Fund Balance of \$2.7 million. Total revenue for the first six months of 2011 is \$4.3 million against expenditures of \$4.8 million, leaving a net deficit for the period of \$471,000.

Cost-share programs approved by the National Executive Board in 2011 to date totaled \$2.2 million, representing 96% of the annual budget. Major Organizing expenses were \$1.0 million, while National Strategic Initiatives totaled \$1.1 million. Spending on Regional Strategic Initiatives for the first six months totaled \$432,000.

### ***National Strike Fund***

Total Assets in the Strike Fund as of June 30, 2011 were \$49.7 million, compared to \$46.4 million at March 31, 2011. These assets consisted of \$8.3 million in cash, \$2.4 million in per capita and accounts receivable, a small receivable of \$18,000 from the General Fund and \$38.9 million in investments. Under Liabilities, there were accounts payable and accrued liabilities of \$62,000, and payables to the Defence Fund of \$11,000. Therefore, at June 30, 2011 the Fund Balance was \$49.6 million, compared to \$46.2 million at March 31, 2011.

Revenue into the Strike Fund, including investment income, was \$6.6 million. Expenditures for the period were \$722,000. This results in a net surplus for the first six months of 2011 of \$5.9 million.

## **STRIKES, LOCKOUTS AND SETTLEMENTS**

Local 3338-5, Simon Fraser University Student Society - Twenty full-time and term members have been locked out since July 7, 2011 by an employer seeking layoffs and concessions.

Local 7498, University of Sherbrooke – on rotating strike. About 1,300 support staff have had no contract for nearly 32 months; for 120 research staff, it has been 62 months.

Local 2729, City of Sherbrooke – six-week strike by blue collar workers ended September 7; the 450 members had been without a contract since December 31, 2007.

## **PER CAPITA ARREARS**

The June 2011 arrears total at August 18 was \$8,428,583.40 and has increased from May 2011 by \$44,186.28 or 0.53%.

## **TECHNOLOGY REPORT**

Work continued through the summer months on the Local Union Information System (LUIS) redesign. The final specification is complete and development is underway on the system. This is a very large development initiative and will continue through the end of 2011 and most of 2012.

The steering committee for CUPE's Intranet continued to meet throughout the last few months to work on the content and design for the new internal staff website. The creation of this new site will provide staff with a single point to access CUPE information, forms and tools needed on a daily basis as well as access to a staff directory.

Progress on the HRIS (Human Resources Information System) is continuing but is taking longer than expected. We are well into the testing phase now and are continuing to fine tune the system. The pension module has been delivered by Avanti and is also undergoing testing. The go live date will depend on how long it takes to finish the comprehensive testing currently underway, but we are anticipating it will be within the next couple months.

In operations, we continue to work on a variety of projects including the installation of new phone systems in Alberta offices, testing of videoconferencing equipment for use in smaller area offices, testing of wireless network solutions and providing day-to-day maintenance and support to staff.

## **PROPERTIES AND LEASEHOLDS**

### ***Properties***

The tendering stage for fitting up 80 Commerce Valley Drive in Markham, Ontario is nearing completion and construction work is proceeding on schedule. We are moving towards completing the purchase of the property on September 30, 2011 and occupancy is anticipated in April 2012. Mortgage financing in the amount of \$16 million has been secured from Citizens Bank of Canada at favourable terms to assist with the building acquisition and renovations. A resolution will be presented at this Board to ratify CUPE acting as Guarantor of the loan in favour of the Canadian Union of Public Employees Realty Holdings Incorporated.

Planning for expansion at National Office has been underway with a view to develop a new two-storey 22,500 square feet building on the portion of the site located at 1378 Triole Street. The ground floor will house the Ottawa Area Office and the upper floor will remain undeveloped and be available for future expansion. CSV Architects have developed the project concept and are working on plans and specifications for site plan approval and tendering. PCL Constructors Canada Inc. have been retained as construction managers for the project. Construction is scheduled to commence in the spring of 2012 with occupancy in January, 2013. Although we are targeting LEED silver certification for this building, our initial analysis suggests that it may be possible to achieve LEED Gold Certification cost-effectively. Discussions have begun with the mortgage lender for the property, Desjardins Asset Management, to increase the existing mortgage by approximately \$8.5 million to finance the new building. A motion ratifying the construction of this new building and increasing the existing mortgage on the National Headquarters by approximately \$8.5 million will be presented at this Board.

Given the challenges we face with our Charlottetown Area Office in Prince Edward Island with respect to universal accessibility, it was determined that the best strategy was to sell our existing asset and build anew. To that end, a parcel of land adjacent to the PEI Nurses Union building on MacAleer Drive has been identified as ideal property to construct a new office structure. A motion will be presented at this Board to ratify the purchase of the vacant land and the construction of a new building.

### ***Leaseholds***

The lease for the Barrie Area Office in Ontario was renewed for an additional five-year period ending February 2017. Minor renovations make the work areas more efficient and create additional meeting and office space.

In Edmonton, Alberta, we continue our investigations to identify potential alternate lease accommodation for the relocation of the Alberta Regional Office on lease expiry (February 29, 2012). The existing lease may be renewed on a short-term basis while we continue our diligence.

## NATIONAL CONVENTION

With the National Convention less than two months away, preparations are in full force. The number of pre-registered delegates is 607; alternate delegates 50; and observers 22, for a total attendance of 679.

Three of the delegate hotels are sold out and rooms are still being booked daily. We currently have 6 hotels contracted to house CUPE. To date, at least 1,250 hotel guestrooms have been booked through WE Travel.

The 2009 Convention Proceedings Report is complete and as per CUPE's initiative to go green, the Report can be viewed on the cupe.ca website. All the Resolutions and Constitutional Amendments have been received and the Convention Office staff is working diligently to review and compile all the information for print. The Resolutions and Constitutional Amendments book will be mailed to all chartered organizations on September 30.

## TRAINING AND DEVELOPMENT

The Union Development Department finished their whirlwind season, satisfied that they were able to develop and deliver on many education priorities for members and staff in the last year.

### ***What they accomplished – an overview***

At the end of June, the UDD meeting provided an opportunity to reflect on their accomplishments and share the strategies that make it all work. Those include working closely with divisions, district councils, locals and staff to determine needs and expectations. They also work collaboratively when developing and delivering their program. Sharing the unique programs that are developed in regions is one more way of not reinventing the wheel and being able to build on successes.

There are examples from across the country of dynamic programs, such as activist training when campaigns are underway; mentoring new stewards and activists; leadership development and strategic planning.

The dozens of member facilitators receive ongoing support, both administratively and with additional training. UDD is working on implementing better systems to track availability and assignment of member facilitators.

In collaboration with reference groups, UDD reworked some of their publications; notably, the Steward Handbook and the *Tips for the Chairperson*. The handbook is in final editing and will be available in September. *Tips for the Chairperson* is available in both English and French and has been rewritten in clear language and in accordance with the new Model Bylaws.

## **Staff training**

Week long staff-training sessions were held in June in the Atlantic/Maritimes, Ontario, Manitoba and BC/Alberta. Arbitrations, bargaining, grievance mediation and specific tools for better representing members were offered. New offerings included a day on pensions, financial officer and trustees, pay equity and job evaluation, benefits plans, health and safety, and parliamentary procedure, all focusing on the support that reps can give to locals in these areas.

UDD developed a course for the BC/Alberta staff on "advanced facilitation" which explored ways to help members and locals have meaningful conversations on issues that matter to them. And at the Ontario session, a workshop called "CUPE's turning 50!" was offered. It's an interactive walk through our history and helps explain the servicing model that developed within CUPE. Staff at the joint Atlantic/Maritimes session participated in a discussion on mentoring members.

Staff training in Saskatchewan is scheduled for September.

## **Labour College**

Brother Moist and Sister Ruffo attended the Graduation Ceremony of the CLC Labour College Class of 2011, which included eight CUPE members. The theme of this year's Intensive Program was "Re-imagining Unions" which had students focusing on the changing world around us and what it means for our movement.

The application process for the 2012 class has begun, and information has been sent to all chartered organizations in a general mailing.

## **PENSION ADMINISTRATION**

The trustees met with the settlors on September 8 for their Annual Meeting to discuss the final results of the Actuarial Valuation at 1.1.2011 and other activities of the CUPE Employees' Pension Plan. The 1.1.2011 Actuarial Valuation must be filed with the government authorities by the end of September. The trustees will have to make some decisions on various elements to be reflected in the final report. As mentioned in my previous report, the solvency ratio is below 100%; this will have an impact on the minimum contribution level of the plan.

The trustees are continuously monitoring closely the CUPE Pension Fund Investment Performance. The performance of the plan has been above the benchmark (*standard set by the market against performances of other funds*) and above the median (*middle value*) pension fund in Canada for the 2<sup>nd</sup> quarter of 2011. It has significantly decreased in the month of July though as a result of unfavorable fund returns. The solvency ratio has decreased since January 1, 2011 and is estimated to be 88.3% at August 1, 2011.



The CUPE Employees' Pension Plan website – [www.cepp.ca](http://www.cepp.ca), was recently updated with the 2010 Report to members, including the 2010 Financial Statements of the Plan. A hard copy of the Report to Members was mailed to all the retirees in August.

The 2010 pension annual statements were mailed to all active plan members in June.

Three pre-retirement seminars will be held in the fall of 2011 for eligible plan members and their spouse. This year the seminars will take place in Vancouver, Ottawa and Toronto. Topics covered include psychological adaptation to retirement, pension and benefit entitlements, and financial planning.

### ***Deaths***

Brother Maurice Chassé, former representative, Québec Regional Office – August 8, 2011  
Brother Louis Cauchy, representative in the Québec Regional Office – July 18, 2011  
Mrs. Sandra MacNeil, spouse of retiree Kevin MacNeil – July 6, 2011  
Mrs. Elsie Elkin, surviving spouse of late retiree Hubert Elkin – August 20, 2011

### ***Retirements***

Sister Patricia Webber-Callaghan, Hamilton Area Office – September 1, 2011  
Brother Michel Poirier, Québec Regional Office – October 1, 2011  
Sister Diane F. Raymond, Rouyn-Noranda Area Office – May 1, 2012

## **CONCLUSION**

As stated previously, this is my final quarterly report to the National Executive Board. Our democratic processes are working as they should with campaigns underway. I look forward to our National Convention and doing what I can to help our new National Secretary-Treasurer move into the job.

I would like to thank all of the people who have helped me fulfill the duties of my position for the last 10 years and prepare these reports. First and foremost is Tammy Greaves, Managing Director of Finance and Administration, and all of the staff in her department. I am pleased to have been the National Secretary-Treasurer to hire Tammy and bring her into CUPE. I think we made a good choice.

Thank you as well to the other Managing Directors – Stan Marshall, National Services; Susan Ruffo in Union Development; Bob Hickes in Organizing and Regional Services; and all those before them like Randy Sykes and Julie Davis.

In my own office, thank you to my Administrative Assistant Paulette Charbonneau and Executive Assistant Michael Butler, who have been with me for almost all of the last 10 years. Thank you also to Pam Beattie, Pat Daley, Monique Joly, Robert Lamoureux and all those before them.

Finally, to all of the members of the National Executive Board and, especially, National President Paul Moist, it has been a pleasure serving with you. I am proud of all we have been able to accomplish together. This is the master word: "together". We have unity now at the NEB like I've not experienced in my 18 years. We owe this, for the most part, to Paul's leadership. I will leave this office knowing that CUPE is strong and solid. I leave you with the words of someone else, those of Albert Einstein: "*Not everything that can be counted counts, and not everything that counts can be counted.*" In my last ten years, I guided myself thinking a lot about that equation.

Respectfully submitted,

A handwritten signature in cursive script, reading "Claude Généreux".

CLAUDE GÉNÉREUX  
National Secretary-Treasurer

:pnc/ceu