

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

Ottawa, Ontario
September 20-22, 2016

Dear Sisters, Brothers and Friends:

This summer CUPE created a show of strength and community spirit as sponsors and participants in a wide range of summer time community events, Pride marches, Black Lives Matters protests and other demonstrations, fairs, and barbeques, culminating in powerful Labour Day events across the country. I am very proud that CUPE National provided funding for many of these events.

In Ontario, we gathered for other reasons as well. It was notably the "Summer of the Strike" as dubbed by CUPE Ontario. At one point in the summer, four locals were on strike at the same time with the longest being the CUPE Local 2974 Essex Library workers picket line beginning June 25 and at the time of writing this report, members of CUPE Local 2974 were still on the picket line. Knowing that the Strike Fund is strong adds important leverage and strength to the picket lines.

World Social Forum

In August, over 15,000 labour, social movement and non-governmental activists from around the globe gathered in Montreal for the World Social Forum. Along with the participation of CUPE activists and staff, CUPE contributed by leading workshops on how to improve and protect public services such as water, energy, transportation, and health care.

On behalf of CUPE's 30,000 energy sector workers, I presented at the workshop "*What Quebec and Canadian workers are doing in the fight against climate change and towards energy democracy*". This presentation was organized with Public Services International representing almost seven hundred public sector unions across the globe, and the Trade Unions for Energy Democracy, the umbrella group of forty-seven unions from around the world who unite to fight for energy democracy in the shift to a green economy. Here is an excerpt from my presentation:

"Energy, be it hydroelectric or solar, is as essential as water in a modern society. It allows for social and economic development, for that reason, we need to work together to publicly protect it. When it comes to green infrastructure projects, privatization is often presented as the only option. This is nothing short of a lie. Energy privatization, as is being attempted

in Ontario, reduces our control over energy resources and pulls us away from an energy democracy.”

I emphasized that the fight to keep Hydro Public in Ontario is a key example of all of these issues, and that CUPE has been a major part of the coalition continuing to fight against this sale to ensure that energy services remain public services.

In addition, I presented at the Blue Communities Forum, focusing on how CUPE National supports the struggle against water extraction and privatization while highlighting water as a human right.

Increasing Financial Transparency and Accountability – Trustees’ Reports

One of my main priorities for 2016 is to increase the financial transparency and accountability throughout CUPE. As you know, at the beginning of the year I called on all locals to follow the CUPE national constitution by submitting their Trustees’ Reports to my office. A preliminary report shows that so far the response has been good. I can report that we have received approximately 41% of the Trustees’ Reports.

This is an increase from last year but there is still much work to do. Of the locals who submit their reports, three quarters are accepted as meeting the necessary standards. Additional information is missing in the others and follow up is taking place.

We have also learned a lot about what kind of additional assistance some locals need such as more specific training for Trustees as well as further assistance with orienting new Secretary-Treasurers. In conjunction with our Union Development Department and Organizing and Regional Services, we will address these important issues and increase support where it is needed.

Strike Fund Task Force

At the 2015 National Convention in Vancouver British Columbia, the Strategic Directions document adopted for 2015-2017 called for the setting up of a National Task Force with the following mandate:

...to review National Strike Fund related issues:

- a) The strike pay waiting period;*
- b) The amount of weekly pay;*
- c) The impact of strike fund regulations on members who work in precarious employment;*
- d) Accessibility to the National Strike Fund when the right to strike is limited by law (e.g. essential services legislation);*
- e) Who determines strike related duties and activities;*
- f) Policies of other unions on these strike-related issues; and*
- g) Such other related matters as determined by the NEB, including the history of strike support within CUPE.*

The Task Force will be chaired by the National Secretary-Treasurer and will consist of a total of nine members approved by the NEB. The Task Force will seek input from CUPE locals and report to the membership regularly by way of National Officers' Quarterly Reports.

The Task Force will report to the National Executive Board no later than September 2016 in order for the NEB to prepare a presentation to all Provincial Division Conventions in the spring of 2017 and to the National Convention in 2017.

I commend the dedication and commitment of the members of the Task Force throughout the intense process which we undertook over the last six months. From the outset, our priority was first, to respond to the members' needs and second, to ensure that the Strike Fund remains solid.

Our discussions were thorough as we considered a wide array of strike issues and data related to such things as: the financial implications of changing the waiting period, providing improved benefits while on strike, or improving support for locals who rely on Interest Arbitration. We also made recommendations on modernizing the administration of strike pay through electronic processing. Additional recommendations include: updating the training and preparation provided to locals and staff, ensuring that each strike develops meaningful roles for members who need accommodation, providing for an automatic review of Strike Fund Regulations every four years, and other critical issues.

It was quite an achievement that the entire Task Force was unanimous in the recommendations that are in the report. The Strike Fund Task Force Report is being presented to the September NEB and then to each provincial Division Convention in 2017 as well as to the National Convention in the fall of 2017. I am grateful to the Task Force members for their hard work on this project. I look forward to reporting to CUPE leaders across the country over the coming year.

Fund for Alberta Wildfires

I remain very proud of the solidarity that was evident when we put out the call for donations to support the *CUPE National Disaster Relief Fund – Wildfires in Northern Alberta*. CUPE responded and the fund has reached just over \$204,000 which will go directly to the communities impacted by the fires. This is in addition to the tens of thousands of dollars that CUPE locals in Alberta and elsewhere have contributed to the CUPE Alberta Fund.

CUPE Employee Assistance Program

As previously announced, Sister Anne Didier is retiring from CUPE this fall. On behalf of all of us at CUPE, and most especially the staff who have benefited from Anne's dedication and support over the more than ten years that she has been EAP Coordinator, I thank Anne and recognize her incredible contribution to all of us at CUPE. We have made sure that there will be a transition time. We welcome Brother Blain Morin as the new EAP Coordinator and look forward to working with Blain in his new role. As part of the transition process, the EAP referral agents met together in September with both Anne and Blain, where some extensive training and planning took place.

Ontario Cornerstone Leadership Corporation (OCLC)

In the early part of the 2000's, along with other unions, the NEB approved a \$300,000 investment in the Ontario Cornerstone Leadership Corporation (OCLC) to assist them to purchase a building. Since that time, CUPE National has participated in the governance of the OCLC, which manages the building. The OCLC has recently reviewed their financial situation and has sold the property located at 101 Richmond Street, Toronto. The building was sold at a profit which allowed for the purchase of a new condo property located at 2069 Lakeshore Boulevard West. The cost of the new building was such that it has been purchased without needing mortgage financing.

Representation Vote – Health Care in Québec

Over the coming months CUPE will face one of the greatest challenges in our history. 15,000 CUPE members will be forced into merger and representation votes. 200,000 health care workers in total will be affected. Government imposed health care restructuring is forcing massive changes to bargaining unit configurations where 800 bargaining units will be reduced to just 80 units as 182 healthcare establishments are reduced to 34. The full support of CUPE National is behind our Quebec Health care sector members as they face these government imposed mail in votes which runs between January 30 and February 24, 2017 with vote results being released April 19-21, 2017.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2016

General Fund

The total assets in the General Fund at June 30, 2016 were \$209.7 million compared to \$206.9 million at March 31, 2016 and \$207.2 million at December 31, 2015. The items of significance are discussed below.

The bank balance at June 30, 2016 was \$13.2 million compared to \$13.9 million at March 31, 2016 and \$14.8 million at December 31, 2015. The bank balance includes various internal cash reserves which are set aside for retirement payouts, future benefits funding, the 2017 Convention, a property management reserve and the Regional Building Fund.

The total liabilities in the General Fund were \$153.7 million at June 30, 2016, up from \$151.9 million at March 31, 2016.

Due to the good governance CUPE established by creating the Roadmap on the Employee Future Benefit Liability in 2005, we are continuing to make progress toward the goal of recording the full liability on the Balance Sheet. Due to inflation, rising health costs, rising salaries, etc., it is usual to expect the real liability to increase each year. So from last year to this year, the real liability jumped from \$170.3 million to \$184.4 million.

The December 31, 2015 Balance Sheet has recorded a liability of \$96.9 million leaving an unrecorded gap of \$87.5 million compared to a gap of \$87.4 million at the end of 2014.

2015 was the first year where the employee future benefit expenses booked in the accounts exceeded the service cost for that year and allowed us to record \$558,000 toward reducing the gap. In the first six months of 2016 we have recorded an additional \$3.8 million of the liability, bringing the total recorded liability to \$100.7 million.

The Fund Balance at June 30, 2016 is \$56.0 million of which a total of \$4.9 million is restricted as follows: Convention and National Events Assistance Fund, \$1.0 million and Regional Building Fund, \$3.9 million. Of the remaining Fund Balance, we have invested \$58.5 million in fixed assets leaving an unrestricted negative balance of \$7.1 million. This means that all of the equity in the General Fund is spoken for either in terms of being allocated for a restricted purpose or tied up in fixed assets.

The preliminary operating deficit (before the provision for the Regional Building Fund and Unrealized Gain on Investments) for the year to date is \$908,000, as compared to a budgeted deficit of \$932,000. Per Capita revenue is over budget by \$383,000 and total revenue is under by \$65,000. Total Expenses are currently under budget by \$89,000.

1. Strategic Directions is \$756,000 under budget due to the timing of payments yet to be made during the remainder of the year.
2. Fixed Staffing costs are \$453,000 under budget.
3. The Fightback Fund is currently \$225,000 under budget.
4. National Committees is \$271,000 over budget due to the bi-annual All Committees Meeting being held each year after the Convention year.
5. The National Services Department is \$419,000 over budget solely due to Legal and Arbitration costs approved for the year to date.
6. Operational Travel is \$454,000 over budget due to the volume of travel required to attend staff meetings and conventions during the first three months of the year.

National Defence Fund

As at June 30, 2016, we have \$12.2 million in Total Assets compared to \$11.6 million at March 31, 2016 and \$10.6 million at December 31, 2015. The cash balance at June 30, 2016 is \$3.1 million compared to \$4.4 million at March 31, 2016. In addition, we have investments totalling \$7.6 million up \$2.0 million from March 31, 2016.

Under Liabilities we have accounts payable and accrued liabilities of \$483,000 as compared to \$1.3 million at March 31, 2016. There is also \$3.9 million in cost-sharing campaigns' liability, down from \$4.5 million at the end of the first quarter.

Cost-shared campaigns approved by the National Executive Board for the first half of the year totalled \$1,338,056 of the annual budget of \$3.1 million. Major Organizing expenses were \$739,705, while National Strategic Initiatives totalled \$1,190,499. Spending on Regional Strategic Initiatives totalled \$310,593.

National Strike Fund

Total Assets in the National Strike Fund as of June 30, 2016 were \$90.0 million, as compared to \$86.8 million as at March 31, 2016, and \$85.5 million at December 31, 2015. These assets consisted of \$2.6 million in cash, \$1.5 million in per capita receivable and \$85.8 million in investments.

Under Liabilities we have accounts payable and accrued liabilities of \$55,000, down from \$202,000 in March 31, 2016. At June 30, 2016, the Fund Balance was \$89.9 million, compared to \$86.6 million at March 31, 2016 and \$84.5 million at December 31, 2015.

Revenue into the Strike Fund, including investment income, was \$6.0 million as at June 30, 2016. Expenditures for the quarter totalled \$2.6 million. This results in a net surplus for the year to date of \$3.4 million, before taking into account unrealized investment gains of \$2.0 million.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 2974 – Employees of the Essex County Library, 58 members on strike since June 25, 2016 – ongoing.

Local 1989 – Mississauga Library Board, 410 members on strike as of July 4, 2016 and returned to work July 27, 2016.

Local 926 – Wilfrid Laurier University Trades, 103 members on strike as of July 10, 2016 and returned to work July 17, 2016.

Local 2204-14 – Ottawa YMCA-YWCA, 40 full and part-time workers on strike July 12-13.

PER CAPITA ARREARS

For the quarter ended June 2016 the total arrears were \$8,490,306, which was an increase of \$2,724,646 or 47.26% from the previous quarter ended March 2016. Total arrears have increased 117.77% as compared to June 2015.

INFORMATION TECHNOLOGY (IT) REPORT

The Information Management/Information Technology (IMIT) Steering Committee plan continues to move along. In the upcoming months, the IT Branch primary focus will be to launch the new release of the Member Relationship Management System (MRMS), to continue to move to stronger Electronic Document and Records Management (EDRM) and finally to plan our priorities for 2017.

Systems Development:

Member Relationship Management System (MRMS)

The roll out six months ago of the new MRM system that replaced the old LUIS application has been a success. MRM is experiencing a high number of users logging in each day and has a very low number of issues reported. The end user support provided by ORS and IT explains a big part of that success.

The MRM system Release 1a is scheduled to be rolled out in the first half of September. This release includes significant enhancements including adding a descriptor field to the Representatives assignment in cases where there are multiple Representatives assigned to one bargaining unit, and having the capacity to store all type of Representatives assignments. It will also have the ability to capture Pension Plan information for a specific bargaining unit such as the type of plan and the governance model of the plan.

Scheduled for November 2016, the MRM system Release 2 will be a major one with the addition of the new Collective Agreement (CA) module that will replace the current legacy CAIS application.

Electronic Document and Records Management (EDRM)

Over the summer, the EDRM Project Team has done some preparatory work to actively start CUPE's migration towards an EDRMS (Electronic Document and Records Management System). A two-day session held at the National Office brought together the EDRM Information Leads or EDRM IL, a group appointed by the CUPE Leadership and comprised of Executive Secretaries and Administrative Assistants from within and across CUPE. The meeting delivered training on OneDrive for Business which provides a place in the cloud where one can store, share, and sync work files.

The EDRM IL are currently learning and testing the in and outs of *OneDrive for Business*, the newly adopted file naming convention and Information Management Policies. They will be working closely with the EDRM project team over the next year to help CUPE achieve an "electronic filing system" that is consistent for all employees.

These important steps in the EDRM project can only be achieved with the help of all CUPE employees.

IT Infrastructure:

Operations

2016 has seen an emphasis on planning for IT solutions to help CUPE pursue not only enhanced productivity but a more environmental friendly workplace.

Beginning this fall, CUPE IT will begin a pilot project of Skype for Business to replace CUPE's current, aging telephone infrastructure. The pilot sites will include users from both the National and the Ottawa Area office. Upon successful completion of the pilot, CUPE IT

will roll out a fully integrated Skype for Business solution organization wide to all users. This initiative will replace traditional desktop phone sets and allow users greater communication flexibility, including face to face meetings online, sharing of presentations online and audio conferencing. The full rollout is scheduled to take place in 2017.

As well, CUPE IT has been looking at how CUPE can be more efficient with printing, copying, scanning, and faxing including using less paper, power and supplies. To that end, a Request for Proposal was issued to solicit proposals that would allow CUPE to be more efficient. Responses to the Request for Proposal have been received and are currently being reviewed. The transition to the new devices across the country will be implemented in 2017.

PROPERTIES AND LEASEHOLDS

Properties

We are close to completing the design of our new space to house the BCRO in Burnaby and expect to tender the construction of our leasehold improvements in late October. Our project team continues to work diligently to create a modern, flexible and respectful work environment which will encourage exchange of ideas and collaboration. We will continue to involve staff in this project as this will help us maximize the efficiency of our investment. The target move date into the new facilities is the Fall of 2017.

We have retained the services of a multi-disciplinary national engineering firm to proceed with detailed building condition reports and life-cycle analysis of all of our owned properties, which should be completed by the end of 2016. Several properties have already been inspected. This is a key project in order to improve our property management and planning procedures.

Leaseholds

The interior improvements for the new Peel Area Office at 25 Watline Ave. in Mississauga were completed and staff took occupancy of the new space in early August.

The lease for the Terrace Area Office in British Columbia was recently renewed for a five-year term. We continue to explore options for lease renewals for the Sudbury, Kenora, Oshawa, and Winnipeg offices. We are also analyzing our options in regards to the Barrie Office, and contemplating potential new locations for the Abbotsford office.

CONFERENCES AND EVENTS

CUPE National is ready for a very busy fall season for National events. The months of September and October will host a large number of committee and branch meetings, including a two-day Roundtable Meeting on Child Care, Parental and Family Leaves, taking place at the Westin Ottawa, September 27-28. This meeting will bring together individuals

that work in various organizations dealing with child care issues, including the members of the National Child Care Working Group and CUPE staff.

Preparations are in full swing for the CUPE Sector Council Conference in Winnipeg from October 17 to October 20, 2016. The Holiday Inn & Suites Winnipeg Downtown, the Radisson Hotel and the Delta are all sold out of their standard rooms and registration has reached 860 members attending. The two provinces leading in registrations are Ontario at 257 and British Columbia at 133 members registered.

Summer has ended and we anticipate an increase in overall registration numbers in the next several weeks leading up to the Sector Council Conference.

TRAINING AND DEVELOPMENT

Member Facilitators

Member facilitators are a significant part of CUPE's growing education program. Every year UDD trains new member facilitators to replenish our teams in the regions as many people do move on for one reason or another. The training is truly transformational and in a mere five days, participants have new perspectives and motivation as activists and educators.

In December, we will be training 26 new member facilitators in Ontario. By the time of the application deadline, we had received hundreds of applications from our members across the province. Selection criteria includes geographic coverage of a region, diversity, bilingual capacity, availability, and experience within CUPE.

We train facilitators to create and maintain a safe and respectful workshop. Workshops have an equality lens and a class lens applied to all materials. Workshops respect and bring out the real experiences of our members as we encourage positive change in our locals, our communities, and beyond.

International Solidarity Tour Pre-Departure Briefing and Orientation

On July 12th, Union Development Department and the Global Justice Fund piloted a first ever pre-departure orientation for participants of the International Solidarity tour to the Philippines.

The one-day orientation provided tools and resources that enabled the tour members to build a strong and cohesive delegation. Team preparation created confidence and awareness of people's roles in the larger international context. It is an important step for integrating the tour into a broader learning journey.

PENSION ADMINISTRATION

The Joint Board of Trustees (JBT) held its third meeting of the year in September to discuss ongoing activities of the Plan. The Trustees also invited the Settlers to attend the Annual

Meeting on September 8th. The focus of the Annual Meeting was to provide insight to the Settlers on how decisions are made by the JBT on changing or adding new Investment Managers, diversification of the Plan's portfolio and processes that are followed to implement those changes.

As mentioned in my prior report, we are continuing to meet with the Settlers and with the Plan's professional advisors to address the Plan's ongoing solvency deficiency. The market solvency ratio has decreased from 96.9% from the last filed actuarial valuation (as at January 1, 2014) with government authorities, to an estimated solvency ratio of 82.6% at August 1, 2016. The next actuarial valuation of the Plan required to be filed will be at January 1, 2017.

Effective August 2016, Sister Wendy Lyon, was appointed as Alternate COPE Trustee, replacing Sister Heather Dillabaugh.

Plan members will soon be able to access current and past pension annual statements through the Plan's website at www.cepp.ca.

Retirements

Sister Linda M. Dennis, Manitoba Regional Office – August 1, 2016
Brother John D. Malcolmson, B.C. Regional Office – September 1, 2016
Brother Casey Thomson, Nanaimo Area Office – November 1, 2016
Brother Bruce McLeod, Red Deer Area Office – November 1, 2016
Sister Hélène Bélanger, Communications Branch – November 1, 2016
Brother John A. Horsfield, Victoria Area Office – January 1, 2017
Sister Hélène Lahaie, Administration Branch – January 1, 2017
Sister Josée Lafond, Quebec Area Office – April 1, 2017

CONCLUSION

I remain optimistic about our ability to mobilize against and resist the many forces acting against us in our communities and workplaces. With the increase to the Defence Fund that our members voted for at the 2015 National Convention, we have the resources needed to support all the campaigns that CUPE will take on across the country.

We will continue to carefully monitor and protect CUPE's finances and infrastructure so that we continue to build our union strength and our power as a force for positive social change.

Respectfully submitted,



CHARLES FLEURY
National Secretary-Treasurer

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