

**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD**
Ottawa, Ontario
September 23 - 24, 2015

Sisters and Brothers:

We have returned from the summer season with a renewed sense of optimism that comes with spending quality time with our family and friends. Many of us strengthened connections with our communities and allies during the past months. We organized dynamic and inspiring Labour Day marches and celebrations, Pride festivities, union barbeques and picnics.

Over the past months, hundreds of CUPE members across the country attended election training sponsored by the Canadian Labour Congress. Since the election began in early August, hundreds of CUPE members have become active in their local NDP candidates campaign.

At the same time, we also faced much adversity over the past months. Some of us walked the picket line. Many younger workers struggled to find summer work. We continue to fight privatization, contracting out and lay-offs. Some of us also endured fierce forest fires and devastating storms.

Even so, since the National Executive Board last met in June, CUPE has continued to mobilize across the country.

By the time this report gets presented, we will be a few weeks away from the possibility of the first NDP government in the history of our country. Let's take advantage of every opportunity between now and Election Day to get out to volunteer our time to work on a local NDP campaign. CUPE members can make a real difference to the outcome of this election. While I am very proud of the thousands of volunteer hours that we have contributed so far, I know that we can all step up our commitment in the crucial days ahead.

One of the most uplifting coalition events that I attended this summer was the July 5th *March for Jobs, Justice and the Climate*, in Toronto. The event galvanized over 10,000 activists from indigenous communities, trade unions, the social justice community, students, faith groups – united as social justice and environmental activists. Our issues

were one as we rang the alarm bell on the devastating and irreversible impacts on our environment, our economy and all people on this planet. We will continue CUPE's commitment to building a broad pan-Canadian movement to move these issues forward.

We furthered CUPE's commitment to international labour solidarity on environmental justice at the recent global trade union meeting in Paris France. I attended the meeting hosted by the International Trade Union Confederation bringing together trade unions to set out our strategies and priorities for transitioning to a sustainable, low-carbon, just economy for all. This fall, we continue preparations for our participation in the United Nations Conference of Parties (COP 21) meetings in November 2015. At this critical Climate meeting, leaders of 190 countries, civil society and government representatives will build consensus on a legally binding, universally accepted agreement on containing global warming. CUPE will be at this historic gathering and we will add our voices to the creation of an alternative way forward.

On the eve of Canada Day this summer, the anti-union and unconstitutional Bill C-377 passed in the Senate. As we know, C-377 forces unions, and no other organization, to disclose all their financial information to employers and the public. CUPE is at the forefront of the CLC's coordinated effort to challenge the Bill all the way to the Supreme Court of Canada.

In June, CUPE municipal workers from the western regions gathered for their annual Western Municipal Conference from June 24 to 26. Delegates shared their strategies, challenges and success including public transit fights, anti-concession strikes, contracting-in campaigns, resistance to dismantling of pension plans and – the monumental breakthrough of the NDP victory in Alberta.

I was happy to join Paul and CUPE members and staff to return to my home province to march in the Montreal Pride parade in August. We stood together for increased rights for transgendered people in Canada, and for wider recognition of rights for all LGBTTI people across the globe. This was one of many Pride celebrations that CUPE celebrated this summer.

This Labour Day, I was honoured to attend the Toronto Labour Day march where hundreds of CUPE members joined together with over 22,000 trade unionists in a strong and united show of solidarity. Community allies and progressive politicians celebrated with us, as Tom Mulcair and the NDP kicked off the festivities and lead the parade.

Unfortunately, SCFP in Quebec has had big challenges this summer. In July, we lost the very challenging representation votes at Radio-Canada. It has been very difficult to say goodbye to the 2000 members including some incredible activists from STARF Local 5757 (technicians, professionals) and Local 675 (clerical and administrative support).

CUPE continues to play a vital role in the inter-union Common Front negotiations which represents over 500,000 public sector workers in Quebec. 30,000 CUPE members from health and social services and 10,000 school board workers are facing concessions and the threat of multi-year wage freezes. CUPE National continues to support these struggles as well as the proceeding representation votes that will take place in the health care sector.

At the same time, CUPE Municipal workers continue to grow and strengthen their Quebec wide sector council coalition to support each other in bargaining.

In late August, I was very inspired by attending the Ontario school board sector leadership meeting. Over 400 leaders representing over 100 locals and 55,000 CUPE members across the province, backed up the bargaining committee and supported the escalating provincial plan of action. CUPE National continues to support the campaigns in this sector by providing strong staffing and financial supports. We will be on high alert alongside school board workers as they progress through central bargaining and until each and every local issues bargaining table is settled.

As I have mentioned at every Division convention, it is time for CUPE to have the discussion about increasing the amount of money that we have available for campaigns. This is our direct way to build our strength, to fight austerity and to support our locals.

My office has done considerable preparation to analyze the financial impact of a significant constitutional amendment coming forward to National Convention. Currently, 6% of per capita payments go into the National Strike Fund and 4% go into the National Defense Fund. The National Executive Board has submitted a constitutional amendment recommending that we 'change the split' so that in the future 5% would go into each fund. The projection with these changes, is that our Strike Fund will remain healthy and we would then have approximately 2 million additional dollars for the National Defense Fund which covers cost-shared campaigns, national strategic initiatives and major organizing projects. The proposed constitutional amendment includes a trigger to reverse the split back to 6% for the Strike Fund and 4% for the Defense Fund in the event that the Strike Fund falls below \$50 million.

At this Board meeting, I will bring forward proposed amendments to our CUPE National Strike Fund Regulations. As more CUPE members face mounting part-time and precarious work, we need to adapt the way we support our members. Many of our members do not have the right to strike and find themselves with rising costs of Interest Arbitration.

Paul and I recommend these changes:

- When needed, allow for more flexibility about when strikers can complete their picketing hours – assisting part-time and precarious workers to access strike pay;
- Allow the Strike Fund to pay for CUPE National picket signs;
- Increase the fees that the Strike Fund covers for the union's share of the cost of the arbitrator or chairperson for Interest Arbitration.

As always, picket schedules and protocol are set on a case by case basis. The goal is to cover the lines and provide financial support to those who have financial losses.

We continue to monitor our finances very carefully. I am very proud of the work that our Finance and Administrative staff are doing to decrease the rate of delinquent per capita payments.

There continue to be significant pressures on our National Defense Fund for cost-shares. If all requests to the National Executive Board are approved at this NEB meeting, we will have spent almost all of the cost-share budget for the entire year. We will also be over budget on legal assistance requests for locals that the National funds.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2015

General Fund

The total assets in the General Fund at June 30, 2015 were \$203.4 million compared to \$196.6 million at December 31, 2014 and \$187.4 million at June 30, 2014. The items of significance are discussed below.

The bank balance at June 30, 2015 was \$20.2 million compared to \$13.2 million at December 31, 2014 and \$8.0 million at June 30, 2014. The bank balance includes various internal cash reserves for retirement payouts, future benefits funding, 2015 Convention, a property management reserve and the Regional Building Fund.

The total investment in fixed assets remained relatively static over the quarter. From a technology perspective, our annual computer life-cycle was substantially completed and the rollout of Office 365 commenced during the first quarter. Additionally, the Electronic Document and Records Management System (EDRMS) project continues to progress, as do the upgrade and enhancement projects to the LUIS and CAIS systems.

The total liabilities in the General Fund were \$144.8 million at June 30, 2015, in comparison to \$141.4 million as at the previous quarter-end.

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 liability on the Balance Sheet. In addition, there was a change in the Accounting rules during 2014 that allowed us the opportunity to calculate the liability in a way that recognizes the investment earning on the capital that has been set aside to fund this liability. In 2014 the discount rate that was used to calculate the liability was changed to 5.9% as compared to 4.8% in 2013. This adjustment alone produced a significant reduction in the amount of the liability which now sits at \$170.3 million in comparison to \$205.9 million at the end of 2013. This will allow CUPE to realize the goal of eliminating the gap and recording the liability much sooner than 20 years as originally predicted. We will be recalculating all of the projections presented to the December 2014 NEB and will provide our annual update on the figures to the Board in December 2015.

The Fund Balance at June 30, 2015 is \$58.6 million of which a total of \$4.1 million is restricted as follows: Convention and National Events Assistance Fund, \$984,000 and Regional Building Fund, \$3.1 million. Of the remaining Fund Balance, we have invested \$55.8 million in fixed assets leaving an unrestricted negative balance of \$1.3 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 surplus (before the provision for the Regional Building Fund and Unrealized Gain on Investments) for the year to date is \$1.3 million. Per Capita revenue is over budget by \$330,556 and total revenue is under by \$142,000 due to investment earnings being lower than anticipated. Total Expenses are under budget by \$1.0 million. Below are some of the more significant items.

1. Strategic Directions is \$594,000 under budget at the end of the first half of the year due to the timing of expenditures getting underway.
2. The Fightback Fund continues in a small credit position as at the end of June 2015 due to an adjustment in the first quarter related to 2014 and no offsetting expenses having been received for 2015; therefore it currently appears under budget by \$413,000.
3. Election spending is \$299,000 under budget for the year to date due to the timing of elections taking place following June 30th. Now that the federal election campaign is underway we expect this budget line to be fully spent by the end of the year.
4. Office expenses are under budget by \$282,000.
5. Strengthening Provincial Divisions is \$160,000 under budget due to the timing of requests for payments.
6. Operational Travel is over budget by \$663,000 due to the volume of travel undertaken by staff during the first part of the year, particularly for the attendance at staff meetings and the 2015 Division Conventions. This is consistent with results in the first part of prior years.

National Defence Fund

As at June 30, 2015, we have \$9.1 million in Total Assets compared to \$8.3 million at December 31, 2014 and \$8.5 million at June 30, 2014. The cash balance at June 30, 2015 is \$2.3 million, as compared to \$1.4 million at December 31, 2014. Additionally, we have investments totalling \$5.6 million, as compared to \$5.5 million at December 31, 2014.

Cost-shared campaigns approved by the National Executive Board for the first half of the year totalled \$1,596,495 of the annual budget of \$2.7 million. Major Organizing expenses were \$700,575, while National Strategic Initiatives totalled \$882,393. Spending on Regional Strategic Initiatives totalled \$306,659.

National Strike Fund

Total Assets in the National Strike Fund as of June 30, 2015 were \$83.0 million, as compared to \$79.8 million as at December 31, 2014, and \$80.5 million at June 30, 2014. These assets consisted of \$4.7 million in cash, \$1.8 million in per capita receivable and \$76.5 million in investments.

Under Liabilities we have accounts payable and accrued liabilities of \$203,872; therefore, at June 30, 2015, the Fund Balance was \$82.8 million, compared to \$79.3 million at December 31, 2014 and \$79.3 million at June 30, 2014.

Revenue into the Strike Fund, including investment income, was \$8.5 million for the first half of the year. Expenditures for the same period totalled \$4.1 million. This results in a net surplus for the year to date of \$4.4 million, before taking into account unrealized investment losses of \$909,949.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 227, Halifax Water Commission (outside workers) – 230 members on strike from May 19 to July 17, 2015.

Local 1431, Halifax Water Commission (inside workers) – 105 members on strike from May 19 to July 17, 2015.

Local 101, City of London (inside workers) – 750 members on strike from May 23 to July 24, 2015.

Local 401, Town of Qualicum Beach – 76 members on strike from July 31 to September 4, 2015.

Local 2316-1, Children's Aid Emergency After-Hours Service Workers – 23 members on strike since July 27, 2015.

PER CAPITA ARREARS

For the quarter ended June 2015, the total arrears were \$3,898,723, which was a decrease of \$1,658,072 or 29.84% from the previous quarter ended March 2015. Total arrears have decreased 49.47% as compared to June 2014.

TECHNOLOGY REPORT

Building on the momentum created in 2014 and the first half of 2015, the start of the second half of 2015 has been a very busy and productive one for the CUPE IT Branch. The IT Branch has met a number of priorities set out by the Information Management-Information Technology (IMIT) Steering Committee.

There have been several key accomplishments including three primary areas of focus.

Systems Development:

Member Relationship Management System (MRMS)

A significant amount of focus has been on the creation of a new Member Relationship Management system (MRMS). This is CUPE's future information system which will house all contact information for members and locals in one database.

It will allow us to enhance our ability to connect with members and to inform our strategies and decision making by having all relevant information available in one place, not in multiple systems as it is today.

LUIS has been revamped and CAIS is in the process of being linked with LUIS so that we can find all information on locals and their collective agreements in one place. CAIS will be part of MRMS and will be updated to allow CUPE to expand access to all CAIS collective agreement information to all National Servicing Representatives. We will also improve our ability to retrieve the best collective agreement language we have for our members to use at the bargaining table.

Other current CUPE systems such as Fairness, Convention Conference Registration, UDD and Per Capita also need to be brought into the MRMS in order to achieve a single consolidated view of members and locals. We will begin the design and other aspects of this work soon.

Local Union Information System (LUIS) 2

The newly completed LUIS 2 application has recently been brought into the new "Membership Relationship Management System" (MRMS). This means CUPE employees can run LUIS 2 from any computing device, smartphone, tablet, laptop or desktop computer. The first MRMS release which will include LUIS 2 is planned for late November following the Convention.

Following that release, the next release of MRMS will include a new version of CAIS that will allow us to assist staff and Local Unions in negotiating the best possible agreements by providing information that is easily accessible, relevant, timely and accurate. This should be ready sometime in early 2016.

Information Management (IM):

Electronic Document Records Management System (EDRMS)

The EDRMS project includes a new approach to organize, structure, and label information such as documents in an effective way. This will help CUPE employees, access, find, collaborate, and share the information that is relevant to them and their teams both securely and on any computing device – whether away from the office, or from any CUPE location across Canada.

Phase 2 of the EDRMS project will give CUPE employees an opportunity to see what the EDRMS will look like and demonstrate how it will assist CUPE employees to do their work more easily, more efficiently and more collaboratively. We will also show how the MRMS will integrate with the EDRMS. This stage is expected to be ready late this fall and will include a pilot project for select employees.

IT Infrastructure:

Operations

The new CUPE Mobility Policy supported by a Managed Mobility Service is now fully in place. It gives users the freedom to choose any smartphone device knowing it can be supported in a 7x24x365, fully bilingual manner. It also expands CUPE's mobile network to include Bring Your Own Device (BYOD) for CUPE employees with multiple devices and those not eligible for the National Cell Phone Plan.

The deployment of Microsoft Office 365 (part of CUPE's Cloud strategy) along with the upgrade of CUPE's email server to the latest version has been completed with every CUPE employee upgraded to the latest version of Office and always current with the latest version going forward. This project gives CUPE employees the flexibility and options to work and collaborate anywhere, at any time, with any device.

Looking towards 2016, CUPE IT has begun testing Windows 10 and Office 2016 for deployment in the early part of 2016.

PROPERTIES AND LEASEHOLDS

Properties

In June we reported that we were completing the due diligence process to help determine suitability and our preference between two candidate properties for the new British Columbia Regional Office. We are pleased to report that we have now entered into a Purchase and Sale Agreement for a 45,149 square foot air space parcel in a new development called "The Modello", located in the heart of Burnaby, British Columbia. This mixed-use development includes a commercial podium, consisting of ground floor retail and a three-level office component, which will house the BCRO, topped with a 37-storey residential condominium tower.

The Modello is targeting LEED Gold certification with features including a unique floorplate with extensive natural light, immediate access to the Metrotown Skytrain Station, end-of-trip facilities for bike commuters and a state-of-the-art geothermal heating and cooling system. The construction of the commercial podium has already begun and we anticipate taking possession of the completed base building in March 2017 with an expected occupancy date in late 2017/early 2018.

Leaseholds

In Prince George, British Columbia, a suitable property has been identified to relocate the area office. We have negotiated a 10-year lease agreement for 3,866 square feet of space in a location that is not only convenient for staff and members but also offers great signage opportunities and exposure in this community. We expect tenant improvements to begin this fall with a target occupancy date in mid-February 2016. The new office will be designed to incorporate CUPE's national standards intended to improve meeting facilities for the area office and our members in the area.

We are awaiting the landlord's execution of a 3-year renewal agreement for the Medicine Hat, Alberta Area Office. The existing premises will be renewed for an additional three years at the current rate beginning December 1, 2015, with an option to renew for a further three-year term.

In Thunder Bay, Ontario, we are in the process of negotiating a 10-year lease with two further renewal options for office space on the second floor of a three-story highly visible, modern and energy efficient building, conveniently located close to major city transportation routes, downtown and the airport. The new premises will be designed to suit CUPE's spatial requirements and will include flexibility to accommodate growth, improved meeting facilities, smaller meeting and break-out areas, and will incorporate energy efficient initiatives. We anticipate Tenant Improvements for the premises to begin in October 2015, with a target occupancy date in mid-February 2016.

We continue to explore options for lease renewals or relocation for the Terrace Area Office in British Columbia, the Dalhousie Area Office in New Brunswick, as well as for the Peel, London, Sudbury and Kenora offices in Ontario.

NATIONAL CONVENTION AND OTHER CONFERENCES

Chartered organizations have started submitting their credential forms and to date we have 389 delegates and 30 observers registered to our 2015 National Convention but we can expect much more registration in September as we know most of our chartered organizations are in the process of choosing their delegation. For proof, W.E. Travel continues to receive requests for travel and hotel accommodations. As of Friday, September 4th, all but one delegate hotel are sold out and the Westin Bayshore Hotel still has approximately 99 rooms to be sold. We are in the process of finalizing many other logistical details such as the furniture/exhibit company, shipping company, on-site security, and child care and youth camp for this convention.

CUPE conducted an accessibility site audit on August 26 and 27 with two members from the National Persons with Disabilities Committee. We visited the Vancouver Convention Centre (West Building), the Fairmont Hotel Vancouver and the Pinnacle Hotel Vancouver Harbourfront. The site visit was a huge success and the representatives from the committee offered some very helpful and solid tips and recommendations to the hotels and convention centre. All of the sales representatives we met with, were happy to receive the feedback and all seemed very eager to implement the changes and suggestions offered.

Summer has come to an end and we're back to our normal fall planning for committee meetings. The Health Care Committee, Advisory Committee on Pensions, Women's Committee and Child Care Working Group are all meeting this month, with the remaining meetings taking place in the following weeks.

TRAINING AND DEVELOPMENT

Member Facilitators

Member facilitators are an important part of CUPE's education team. This fall we will be training more members to become facilitators as well as providing CUPE training for twelve of our Ontario members who have completed the Workers' Health and Safety Centre training.

New International Solidarity Workshop

In today's world, borders have become virtual for banks, companies and financial institutions – capital moves freely. Uniting with workers around the world in struggle has never been so critical. In CUPE's new one day *International Solidarity* workshop, we explore the root cause of inequality, austerity and privatization. We then identify where we have the power to act.

Labour College of Canada

CUPE, as part of the Labour College Advisory Committee, is working with the Canadian Labour Congress on a comprehensive review of this over 50 year old labour institution. Over the years, the Labour College has provided intensive training that deal with critical thinking, building leadership and strengthening the labour movement.

The review addresses increasing the number of affiliates who participate, decreasing direct costs, increasing access and diversity of participants, and building effective leadership for movement building. We are considering the implementation of an 18-month pilot project to assess the potential for success of the Labour College of Canada using a new model. We want to create a sustainable Labour College program, one that involves more union affiliates and builds upon existing labour education programs.

Literacy Programming

In spite of the federal government attacks on literacy programs and funding, CUPE continues to move forward on literacy. We helped publish *Transformations: Literacy and the Labour Movement, Past, Present, and Future*, a book about the history of literacy work in the labour movement. Available in French and English, it shows how literacy has been and remains a powerful tool for social change.

We launched the *Learning in Solidarity Website* that has documents related to literacy in the workplace, most of which were developed by the Canadian labour movement. There is a series of excellent short videos in which workers, teachers, union members

and literacy professionals talk about their struggles and accomplishments, and why literacy training is still so important for workers, unions, and society.

Along with the Workers' Arts and Heritage Centre, we held a book and website launch in Hamilton on September 8th, International Literacy Day. We are proud to celebrate these achievements and to continue our leading role in advancing literacy education.

PENSION ADMINISTRATION

The Board of Trustees will hold its third meeting of the year in September to discuss various activities of the Plan. The Trustees have also invited the Settlers to attend the Annual Meeting on September 16th. The Trustees have proposed a new format for the Annual Meeting, such as education on various aspects of the Board of Trustees' activities as well as roles and responsibilities of Trustees and Settlers.

On a quarterly basis, the Trustees discuss the investment results of the Pension Fund with the plan's actuary and they closely monitor the evolution of the solvency ratio. The solvency ratio is estimated at 86.7% (\$107,421,000) at August 1, 2015 compared to 96.9% (\$20,286,500) at the last filed valuation at January 1, 2014. In fact, CUPE (and the participating local employers) must contribute an additional minimum annual special payment of \$2,796,200 to our CUPE Employees' Pension Plan, until at least the next valuation report is filed, which will need to be by January 1, 2017.

As mentioned in an earlier report this year, 2015 is an election year for the Retiree and Alternate Retiree Trustee positions. The end of the three-year term for both positions is December 31, 2015. Brother Gary Johnson, was recently re-elected as the Retiree Trustee for another three-year term. The Joint Board of Trustees is currently in the process of the election of the Alternate Retiree Trustee.

Deaths

Brother Clare Vincent Powell, retiree, Saskatchewan Regional Office – June 28, 2015
Brother Richard Balnis, retiree, National Office – September 20, 2015

Retirement

Sister Ruth Scher, British Columbia Regional Office – August 1, 2015
Brother Frederick S. Blake, London Area Office – September 1, 2015
Sister Pierina DeBellis, Windsor Area Office – September 1, 2015
Brother Derek Blackadder, Ontario Regional Office – September 1, 2015
Brother Sylvain V. Pilon, Quebec Regional Office – October 1, 2015
Sister Thérèse M. Tremblay, Dalhousie Area Office – November 1, 2015
Sister Lynn T. Brunet-Monette, National Office – November 1, 2015
Sister Ellen J. Wilson, Ontario Regional Office – December 1, 2015
Sister Carol Wakeam, London Area Office – December 1, 2015
Sister Anne Didier, Ontario Regional Office – September 1, 2017

CONCLUSION

While we face many challenges in our communities and workplaces, we know that the future of our country is at stake in the upcoming federal elections. When it is over, let's be able to proudly say that CUPE members from coast to coast were instrumental in electing the first NDP government in the history of our country.

Soon after the election, I look forward to our 27th National Convention in Vancouver where thousands of CUPE leaders and many of our staff will gather to strengthen our union and build our strategies for the years ahead.

Respectfully submitted,

CHARLES FLEURY
National Secretary-Treasurer

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