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**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD
Ottawa, Ontario
December 10-12, 2019**

Dear Sisters, Brothers and Friends:

Budget 2020

As we prepare to begin the new decade, CUPE has much to be proud of. While there are many accomplishments to list, two of the most significant are that CUPE National is now 700,000 members strong, with a strike fund of over one hundred million dollars. This provides CUPE great strength and stability.

At the same time, we are witnessing the rising tide of right-wing forces across the country. It is therefore the appropriate time for me to propose a budget that deals aggressively with some of our main challenges.

Immediately following the conclusion of National Convention, I began the extensive budget consultation process. Many meetings took place with NEB members, senior staff from each region, and Managing Directors of each National Department. In addition, considerable preparation from researchers, our economist, and staff from the Finance and Administration Department established revenue projections for the new year. Our Strategic Directions document endorsed by delegates at the last convention also sets out some of the priorities for the year ahead and was considered in setting priorities. When all the input is combined, CUPE's budget consultation process provides a clear vision for our work in 2020.

When I cross the country and speak with leadership from coast to coast, the clear and unequivocal priority of our chartered bodies is to continue to increase the direct servicing support to locals. This is the priority focus for how the additional new positions are allocated in the 2020 budget.

MARK HANCOCK
National President/Président national

CHARLES FLEURY
National Secretary-Treasurer/Secrétaire-trésorier national

DENIS BOLDUC, PAUL FAORO, FRED HAHN, JUDY HENLEY, SHERRY HILLIER
General Vice-Presidents/Vice-présidences générales

We anticipate a 5.3% growth in revenues for 2020 over the 2019 budgeted amounts. For the fourth year in a row since the financial and economic crisis of 2008-2009 and ensuing austerity, revenue growth appears to be stabilizing in the short term. This is primarily due to economic, membership and revenue growth in our largest provinces of Ontario, Quebec and British Columbia with significant growth in Manitoba although we anticipate that this stability will be short lived due to the agendas of governments right wing provincial governments.

Our revenue growth fell from 6% in 2008 to an average of 2.5% through 2015 to 2017, increasing gradually to over 4% in 2019. Our projections for 2020 show that despite regional variations, overall revenue growth throughout the upcoming year should increase. This growth is due to the projected increases in membership numbers as we anticipate increased membership growth of 2.6% over 2019 projected actuals, similar to what we have seen in the last two years. This growth coupled with a less conservative approach to budget projections will open up access to more resources for the priorities for the coming year.

At this Board meeting, I propose adoption of a budget that I believe will address many of the challenges facing CUPE, while continuing to ensure stability for the years to come.

Trade Unions for Energy Democracy (TUED) Retreat, New York, USA

The annual meeting of TUED took place in late September this year where important discussions occurred. This is the organization that joins over 70 trade union organizations from across the world together with community allies and academics. The goal of the TUED is to advance democratic control and social ownership of energy, in ways that promote solutions to the climate crisis, address energy poverty, resists the degradation of both land and people, and responds to the attacks on workers' rights and protections. CUPE continues to be an important partner in this organization.

At the September meeting there was a proposal for mobilization for the year ahead as well as a week of actions between the 2020 Earth Day and May Day. Several unions from around the world have signed-on to this plan. There are also three reports that will be of specific interest to CUPE members:

- The Green New Deal, Net-Zero Carbon, and the Crucial Role of Public Ownership
- The Road Less Travelled: Reclaiming Public Transport for Climate-Ready Mobility
- Trade Unions & Just Transition: The Search for a Transformative Politics

I urge you all to access these reports though the TUED website as they provide valuable insight and arguments to support our efforts to address the climate crisis.

Federal Election 2019

This fall CUPE participated in the federal election as thousands of CUPE activists and staff worked on NDP campaigns across the country, and five CUPE members and three CUPE National staff even ran for office. Many local leaders took on the challenge of encouraging their members to get out and vote. Now that the Liberals have a minority government, we remain committed to holding them accountable to their campaign promises and working towards increasing the number of NDP seats in the next election. We must also remain vigilant in our fight to increase public services and prevent privatization.

Airline Division Convention

The day before the opening of National Convention, I attended the Airline Division convention held in Montreal on October 6, 2019. It was a productive day which brought together over 50 delegates from nine Canadian airlines resulting in a renewed commitment to work together to advance their working conditions and ensure safety and health across the airline sector. In addition, delegates voted on twenty-three amendments to the Division bylaws to make the Division more efficient and responsive in its decision-making process and its actions.

Sara Nelson, the International President of the Association of Flight Attendants-CWA, AFL-CIO, met with the airlines delegates and reinforced the need for our airline members to work together on an international basis.

CUPE National 29th Biennial Convention

Our recent CUPE National Convention was held in Montreal in early October and attended by over 2,300 delegates and alternates. By many accounts the convention was a success as a record number of constitutional amendments were passed.

In addition, significant resolutions were adopted as well as CUPE's strategic directions priorities. We have mapped out a clear path for CUPE for the next two years. From switching to electronic voting in 2021 for elections and close counts to fighting precarious work, harassment and expanding public services, delegates dealt with many important issues. CUPE National is ready to take on the new realities and to continue the struggle for justice in our workplaces and communities.

Manitoba Division Convention

The Manitoba Division convention was held in Brandon Manitoba in early November. The minus 17 weather did not deter delegates from also rallying outside Brandon City Hall to oppose contracting out of the municipal golf course.

Delegates were highly energized following from the health care sector votes across the province in late August which saw over 9,000 new members join the CUPE ranks. I congratulated all activists and staff who spent countless hours talking to their co-workers and campaigning for a strong CUPE majority. This incredible success was a direct result of the extremely high level of commitment resulting in CUPE becoming Manitoba's largest health care union with over thirty-five thousand members.

Significant reports were also made on the successful campaigns such as those calling for cancellation of P3 schools project. The Protect Manitoba Hydro was launched to fight privatization of hydro. Success also came in the form of the election of labour friendly municipal and school board politicians. Pressure is also being kept up on City of Winnipeg councilors to adopt CUPE's campaign for a living wage.

Québec

As it was a considerable amount of time since I last was able to attend, I was particularly interested to be at the October 26th biannual convention of CUPE Local 2000, at Hydro-Québec. This was a particularly important convention where significant bylaw changes were adopted by the delegates to modernize and adapt the local's structure to better meet current and future needs.

CUPE Local 1500 also convened their convention in Rimouski at the end of October and I am always honoured to be invited and was able to attend this year's gathering. This is my own home local. This was a particularly dynamic and successful convention where discussions and guest speakers made some significant headway towards efforts to discover new ways of communicating with enhanced use of social media and new technologies. I congratulate the newly elected President Stéphane Michaud on his efforts presiding over a very successful convention.

Fédération des travailleurs du Québec (FTQ) Convention

The triennial FTQ convention is the gathering place for most unions who are active in Quebec. Although always very actively engaged in their provincial federation, this year CUPE Quebec played an even greater role as CUPE Quebec Division President and National Executive Board General Vice-President Denis Bolduc was successful in his bid for the position of General Secretary of the FTQ. Denis will be greatly missed in his various roles in CUPE but we are very proud to have Denis as the newly acclaimed General Secretary of the FTQ. I sincerely congratulate Brother Denis in his new role and thank him for all he did for CUPE and our members. We will sincerely miss you.

COP25 Madrid, Spain

Following past United Nations gatherings launching the breakthrough agreements on worldwide action to address the climate crisis, representatives from nation states and civil society around the world gathered in Madrid Spain earlier this month. I was honoured to represent CUPE National at these talks. Together with the Canadian Labour Congress, other Canadian trade unionists, and civil society representatives, we pushed to renew and enhance the global commitment to halting the alarming speed of global warming, and resulting environmental, social and economic devastation.

I came away from the meetings even more convinced that in CUPE we must continue to expand our commitment to greater engagement and activism on these critical issues.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

General Fund

The total assets in the General Fund at September 30, 2019 were \$291.4 million compared to \$279.0 million at December 31, 2018 and \$290.4 million at September 30, 2018. The items of significance are discussed below.

The bank balance at September 30, 2019 was \$21.4 million up from the balance at December 31, 2018 at \$17.9 million and down \$6.7 million from September 30, 2018. The bank balance includes various internal cash reserves which are set aside for retirement payouts, future benefits funding, property management, the 2019 Convention and the Regional Building Fund.

The total liabilities in the General Fund were \$235.7 million at September 30, 2019 up from \$223.6 million at December 31, 2018 and \$235.0 million at September 30, 2018.

The true liability as calculated by our Actuary at December 31, 2018 stood at \$205.1 million, in comparison to \$192.5 million at the end of 2017. The December 31, 2018 Balance Sheet has recorded a liability of \$150.7 million leaving an unrecorded gap of \$54.4 million at that time. In the first nine months of the year we recorded an additional \$14.2 million of the liability, bringing the total recorded liability as at September 30, 2019 to \$164.9 million.

The Fund Balance at September 30, 2019 is \$55.7 million of which a total of \$2.3 million is restricted as follows: Convention and National Events Assistance Fund, \$839,000 and Regional Building Fund, \$1,500,000. Of the remaining Fund Balance, we have invested \$69.0 million in fixed assets leaving a negative unrestricted balance of \$15.1 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 surplus (before the provision for the Regional Building Fund) for the year is \$381,289, as compared to a budgeted deficit of \$2.2 million. Per Capita revenue is ahead of budget by \$1.7 million and total revenue is over by \$5.2 million due primarily to an unrealized gain of \$3.1 million caused by a rebound in the financial markets since the sharp drop off at the end of 2018. Total expenses are over budget by \$2.7 million.

Salaries are under budget by \$481,000, current benefits are over budget by \$687,000 and future benefits, excluding the provision to add the unrealized investment gains to the liability, are over budget by \$839,000.

Cumulatively, the other operating expenses including Programs are \$1.5 million under budget. Below are some of the more significant items:

1. Strategic Directions is \$1.0 million under budget.
2. Overall programs are \$439,000 under budget.

3. Fightback Fund is \$436,000 under budget.
4. Election Spending is \$378,000 under budget.
5. Rent is \$257,000 under budget.

National Defence Fund

As at September 30, 2019, we have \$14.2 million in Total Assets compared to \$14.4 million at December 31, 2018 and \$15.4 million at September 30, 2018. The cash balance at September 30, 2019 is \$1.3 million up from \$280,000 at December 31, 2018. In addition, we have investments totalling \$11.3 million on the books at September 30, 2019, down \$693,000 from December 31, 2018.

Under Liabilities we have accounts payable and accrued liabilities of \$1.7 million at September 30, 2019 compared to \$1.8 million at December 31, 2018. There is also \$8.0 million in cost-shared campaigns' liability compared to \$8.1 million at the end of the previous year down \$1.0 million from the last quarter. Finally, \$659,000 is owed to the General at the end of this quarter.

At September 30, 2019 the Fund Balance was \$3.9 million, compared to \$4.4 million at December 31, 2018 and \$6.2 million at September 30, 2018.

Cost-shared campaigns approved by the National Executive Board in the first nine months of the year totalled \$3,696,718 with an annual budget of \$3.65 million. There was a recovery of \$984,739 in unused funds from prior years' campaigns that have been closed out during the first three quarters of the year. Major Organizing expenses totalled \$5,130,482 against an annual budget of \$3.65 million. National Strategic Initiatives expenses were \$1,527,820 against an annual budget of \$2.85 million. Regional Strategic Initiatives expenses were \$876,112 with a budget for the year of \$2.325 million.

National Strike Fund

Total Assets in the National Strike Fund as of September 30, 2019 were \$111.9 million, compared to \$99.9 million at December 31, 2018, and \$98.3 million at September 30, 2018. These assets consisted of \$6.1 million in cash, \$1.7 million in per capita receivable and \$103.1 million in investments.

Under Liabilities we have accounts payable and accrued liabilities totalling \$294,000, down from \$360,000 at December 31, 2018 and up from \$8,000 at September 30, 2018.

At September 30, 2019 the Fund Balance was \$111.6 million, compared to \$99.5 million at December 31, 2018 and \$98.0 million at September 30, 2018.

Revenue into the Strike Fund, including investment income, was \$11.2 million at September 30, 2019 and expenditures totalled \$3.0 million resulting in a surplus of \$8.2 million before taking into account unrealized investment gains of \$3.9 million.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 1505-06 (AB)– Wood Buffalo Housing, Regional Municipality of Wood Buffalo, 44 members locked out from May 13 to October 22, 2019.

Local 1282 (NB) – City of Bathurst (Inside Workers) 22 members locked out from July 25 to September 29, 2019.

Local 1294 (QC) – UQAM Support Staff Union, 1,800 members on strike from September 3 to September 17, 2019.

Local 441 (BC) – Saanich School District No. 63, 500 members on strike from October 28 to November 17, 2019.

Local 3625 (ON) – Something Special Children’s Centre, 8 members locked out from November 1 to November 17, 2019.

Local 2278 (BC) – University of Northern British Columbia (Teachers Assistants), 96 members on strike since November 7, 2019.

Local 3799 (BC) – University of Northern British Columbia (Support Staff), 396 members cannot cross the picket line since November 7, 2019.

PER CAPITA ARREARS

For the quarter ended September 2019, the total arrears were \$9,473,387 which was an increase of \$124,220 or 1.33% from the previous quarter ended June 2019. Total arrears have decreased 3.43% as compared to September 2018.

INFORMATION TECHNOLOGY (IT) REPORT

In the last quarter of 2019, the IT Branch remains focused on readying the MRMS to support the 2020 CUPE Conference, enabling the Quebec Region to migrate from their Maurice System to the MRMS, as well as, planning for the replacement of CUPE’s Per Capita system.

MRMS

The IT Development team is focusing on the next iteration of the MRMS Events Management (EM) module that will give CUPE the ability to organize and manage conferences. The new conference functionality of the MRMS EM is scheduled to be released in early 2020.

The Design work has started on the interface between MRMS and the new Per Capita System (PCS) and additions to the Local Union Information (LUI) module to support the new PCS.

The IT Development team is continuing to work with the Organizing and Regional Services Department in a data validation/purification exercise with a focus on improving the accuracy of the existing data in MRMS and the processes needed to ensure the data is regularly and easily maintained going forward.

The last minor MRMS release in 2019 is planned for the middle of December and will see enhancements to the Local Union Information (LUI) and Education (ED) modules of the MRMS.

CUPEcloud

Retention schedule consultations across the country are almost complete with over 110 consultations conducted since March 2018. These consultations will be completed in December and CUPE will have a retention schedule.

The CUPEcloud Project Team is happy to report that the project has now reached a total completion of 89% across the country (progress includes: file cleanup, folder structure and naming convention).

Per Capita Tax Online Payments

The detailed plan and cost estimate to deliver the new system has been received and reviewed by Finance. A contract to deliver the new system has been signed with WebSan, the same Vendor that delivered CUPE's electronic expense statement system, Moniroo). The target completion of this project will be late-2020.

Finance and HR Systems

Work was completed in May to move the HR system to the Cloud; this move will have benefits to CUPE by adding and improving functionality of the systems, reducing operating costs, as well as, giving CUPE a more comprehensive, built-in IT Disaster Recovery Plan (DRP). Testing and final deployment of the Finance system to the Cloud is targeted to be completed by the end of first quarter 2020.

IT Infrastructure & Operations

CUPE IT has executed on a plan to improve and make the IT network infrastructure consistent across all CUPE offices. Offices will now experience better networks, security and monitoring and management of those networks.

PROPERTIES AND LEASEHOLDS

After putting in place new leases in Calgary, Nanaimo and Yorkton, we are now in the process of constructing new leasehold improvements in these locations. We will be moving into our new Calgary office in December and move in dates for Nanaimo and Yorkton locations are targeted for March 2020. We also completed and moved to our new location in Prince Albert in September.

We are presently analyzing our options regarding some leases coming to term in 2020, such as Kitchener, Peterborough and Windsor. We recently successfully negotiated a renewal of our lease in Timmins.

We are completing renovations of our Trail office and are well in our way to completing the expansion of office space at the ORO, including the construction of offices for the OSBCU. These projects should be completed before the end of the year.

We have also started the preliminary design for the Ontario Division Expansion project at the ORO. We anticipate starting construction for this project in late spring or early summer.

We have received direction to proceed with the purchase of a development site in Regina. We are in the process of preparing the Offer to purchase. We have tendered and selected our general contractor and are now in the process of preparing a Request for Proposal for the consulting services of the architects and engineers.

CONFERENCES AND EVENTS

CUPE's Twenty-Ninth Biennial Convention which took place at the Palais des congrès de Montréal from October 7 to 11, 2019, was a success with 2,086 delegates and 209 alternates. CUPE said farewell to some National Executive Board members and have welcomed new ones. Once again, CUPE was very proud to welcome the leader of the New Democratic Party, Jagmeet Singh, at our convention whose words and presence were one of the highlights at this year's convention for both CUPE staff and delegates.

While our national convention has passed, CUPE is busy planning a directors' meeting, branch meetings and a National Executive Board meeting all before the end of year. In addition to events taking place in 2019, we are planning meetings for 2020 which include branch meetings, National Executive Board meetings, the All Committees' meeting in March, as well as our fourth Sector Council Conference taking place in Winnipeg next October.

This year was a very busy year for the CUPE convention office and there is no slowing down in 2020. CUPE continues to bring our committee members and staff together from across the nation, giving them an opportunity to discuss key issues that touch their lives and the lives of all who are part of the CUPE family.

PENSION ADMINISTRATION

The Joint Board of Trustees (JBT) will hold its fourth meeting of the year in December to discuss ongoing activities of the Plan.

In November, in an effort to continue diversifying investments, the JBT hired a second investment manager with a global equity mandate. Baillie Gifford was created in 1908 and their headquarters are based in Edinburgh, UK. Approximately 5% of the CEPP Fund was allocated to this new investment mandate.

Subsequently, the Eligible Foreign Companies (EFC) constraint was removed to avoid limiting the universe of investable securities to companies with substantial operations in Canada.

The fall 2019 CEPP newsletter, Pension Connection, was sent to all participants in December and is available on the [CEPP](#) website.

In 2019, two preretirement seminars were held. One in Vancouver at the end of September and one in Ottawa early December.

Retirements

Sister Patricia A. Mack, Comox Valley Area Office – November 1, 2019
Sister Nancy L. Patchell, Ontario Regional Office – December 1, 2019
Sister Luce Charbonneau, Quebec Regional Office – February 1, 2020
Sister Martine Busque, Ottawa Area Office – February 1, 2020
Brother Francis R. Dagenais, Research, Job Evaluation and Health & Safety Branch – February 1, 2020
Sister Carol T. Reardon, B.C. Regional Office – February 1, 2020
Sister Céline Poitras, Moncton Area Office – February 1, 2020
Sister Carol Proulx, National Services Department – February 1, 2020
Sister Liette Garceau, Quebec Regional Office – February 1, 2020
Sister Catherine L. Remus, Union Education Branch – March 1, 2020
Sister Ann Duprey, Accounting Branch – March 1, 2020
Brother John Gillies, Sydney Area Office – March 1, 2020

CONCLUSION

As we prepare for the new decade ahead, we can be assured that CUPE National is in sound financial health and that we have the resources to face each challenge in the coming year. While the struggles will be significant, we will continue to build our union through resourcing increased member and community engagement, improvements to our internal systems and improved services to our members.

As we begin the holiday season, we look back on 2019 with great pride in our accomplishments. I wish each of you and every CUPE member and staff person a peaceful and happy holiday.

Respectfully submitted,



CHARLES FLEURY
National Secretary-Treasurer

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