

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

Ottawa, Ontario  
June 10 - 11, 2015

Sisters and Brothers:

The season of the 2015 CUPE Division conventions has now concluded. I had the pleasure of travelling to each and every one of our ten Division conventions and hearing about the struggles that CUPE is taking on this year across the country. We are facing many similarities as we resist the austerity agenda in its myriad of forms in our workplaces and communities. In every region we are facing mounting challenges and CUPE members are fighting smarter and more strategically. I am also very happy to report that due to careful planning and oversight, each of the CUPE Divisions are all in solid financial health.

In March, I accompanied our CUPE delegation to the *Progress Summit 2015 – Building a Better Canada*, held in Ottawa and organized by the Broadbent Institute. CUPE is a major sponsor of this event that brings together progressives from across the country to strategize and deepen our understanding of our collective challenges. Together with other unions, progressive political activists and civil society representatives, we heard debates on the key issues facing the Canadian left. As Institute founder and former leader of the federal NDP, Ed Broadbent stated: "We need to defeat bad Conservative ideas, but we also need to ensure that it is progressive ideas and policies that take their place." Our participation in the Summit contributed to developing strategies and deeper alliances which are critically important during this federal election year.

In April, I had the honour of leading the CUPE delegation attending the Inter-American Regional Congress (IAMRECON) of Public Services International (PSI), in Mexico City. Hundreds of union delegates representing Public services unions from Canada to Tierra del Fuego met to tackle the move to privatize public services through an array of trade deals. Delegates discussed many issues such as: free trade, attacks on union rights, climate change, retirement security, tax justice and corruption. I was also particularly inspired by the discussions at the meeting of new and younger union leadership who discussed union renewal and organizing.

It is very clear to me that we are all facing similar attacks on our unions and on our right to organize and strike as we all face the struggle against neoliberal policies. I joined other Canadian trade unionists in speaking about the dangers of the Canadian government's Bill C-51 which could have a devastating impact on legitimate protest and workplace strikes as the bill links 'disruption of the economy' with terrorism.

We also had reason to be optimistic as we heard of significant victories and successful resistance including the fact that several countries from South America have elected socialist governments that recognize workers' rights.

The CUPE delegation reinforced our relationships with other public sector unions and renewed our commitment to taking on the fight to protect public services at the local, national and international levels.

In early June, I joined the CUPE contingent of NEB members and staff attending the Federation of Canadian Municipalities annual meeting (FCM) in Edmonton. CUPE's participation at the FCM was once again instrumental in championing public services, and providing a strong voice for the perils of privatization. CUPE made a significant contribution including hosting a workshop with Bonnie Lysyk, Ontario's Auditor General, who reviewed her compelling findings released in December 2014 revealing that public-private partnerships (P3s) are more expensive and are built on flawed financial principles.

CUPE National continues to make significant contributions to campaigns across the country. If we include the cost-shares which are being recommended for approval at this June NEB, \$1,596,495 of our almost 2.7 million dollar budget is spoken for.

As I have mentioned at Division conventions, 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. The proposal to 'change the split' between the Strike Fund and the National Defence Fund will be discussed in detail at this NEB with a view to develop a proposal to bring to the National convention in November.

You will see in the attached financial statements that our per capita arrears have decreased as compared to the last quarter and that our revenue projections are on track for the first quarter of 2015. As you know, we have refined the processes that we use for revenue projections and as a result, our budget is more closely reflective of our financial demands. We are continuing to carefully track all expenditures in order to remain on budget.

I would like to thank our Trustees who have worked very diligently, this year once again, to conduct a thorough audit of our CUPE National finances. Their recommendations will be carefully reviewed by our entire NEB.

I would also like to recognize the commitment that we see from all Trustees who take on the responsibility of auditing locals, Divisions, District Councils and all chartered organizations within CUPE. Their role is crucial to the work of our union.



## FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2015

### **General Fund**

The total assets in the General Fund at March 31, 2015 were \$199.6 million compared to \$196.6 million at December 31, 2014 and \$184.0 million at March 31, 2014. The items of significance are discussed below.

The bank balance at March 31, 2015 was \$16.5 million compared to \$13.2 million at December 31, 2014 and \$10.6 million at March 31, 2014. The bank balance includes various internal cash reserved for retirement payouts, future benefits funding, 2015 Convention, a property management reserve and the Regional Building Fund.

Fixed assets have increased for a net of \$945,000 during the quarter. From a Technology perspective, our annual computer life cycling was substantially completed and the rollout of Office 365 commenced during the first quarter. Additionally, the Electronic Document and Records Management System 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 \$141.4 million at March 31, 2015, in comparison to \$139.3 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 good 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 NEB in December 2015.

The Fund Balance at March 31, 2015 is \$58.2 million of which a total of \$4.0 million is restricted as follows: Convention and National Events Assistance Fund, \$1.1 million and Regional Building Fund, \$2.9 million. Of the remaining Fund Balance, we have invested \$55.5 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 \$82,000. Per Capita revenue is over budget by \$41,000 and total revenue is under by \$205,000 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 \$285,000 under budget at the end of the first quarter due to time spent reviewing and approving plans submitted at the beginning of each year.
2. The Fightback Fund is in a credit position as at the end of the first quarter of 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 \$226,000.
3. Office expenses are under budget by \$170,000.
4. Strengthening Provincial Divisions is \$160,000 under budget due to the timing of requests for payments.
5. Election spending is \$158,000 under budget for the year to date due to the timing of elections taking place following March 31<sup>st</sup>.
6. Operational Travel is over budget by \$409,000 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 quarter of prior years.

### ***National Defence Fund***

As at March 31, 2015, we have \$8.8 million in Total Assets compared to \$8.3 million at December 31, 2014 and \$8.3 million at March 31, 2014. The cash balance at March 31, 2015 is \$2.0 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 quarter totalled \$993,457 of the annual budget of \$2.7 million. Major Organizing expenses were \$320,578, while National Strategic Initiatives totalled \$409,785. Spending on Regional Strategic Initiatives totalled \$164,915.

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

Total Assets in the National Strike Fund as of March 31, 2015 were \$83.0 million, as compared to \$79.8 million as at December 31, 2014, and \$77.5 million at March 31, 2014. These assets consisted of \$4.0 million in cash, \$1.7 million in per capita receivable and \$77.3 million in investments.



Under Liabilities we have accounts payable and accrued liabilities of \$1.5 million; therefore, at March 31, 2015, the Fund Balance was \$81.5 million, compared to \$79.3 million at December 31, 2014 and \$77.5 million at March 31, 2014.

Revenue into the Strike Fund, including investment income, was \$3.8 million for the quarter. Expenditures for the same period totalled \$2.7 million. This results in a net surplus for the year to date of \$1.0 million, before taking into account unrealized investment gains of \$1.1 million.

## **STRIKES, LOCKOUTS AND SETTLEMENTS**

Local 7000, Southern Railway of British Columbia – 126 members, January 5 - May 5, 2015  
Local 2019, Town of Happy Valley-Goose Bay – 39 members, January 12 - February 13, 2015  
Local 3902, University of Toronto – 887 members, February 26 - April 1, 2015  
Local 3903, York University – 912 members, March 3 - April 1, 2015  
Local 6447, HEU – 21 members, January 29 - March 13, 2015  
Local 1431, Halifax Water Commission (inside) – 105 members, May 19, 2015 - (current)  
Local 227, Halifax Water Commission (outside) – 230 members, May 19, 2015 - (current)  
Local 608, Naramata Center Society – 30 members, May 15 - April 2, 2015  
Local 101, City of London (inside) – 750 members, May 25, 2015 - (current)  
Local 873-03, SN Transport Inc. – 126 members, June 1, 2015 - (current)

## **PER CAPITA ARREARS**

For the quarter ended March 2015, the total arrears were \$5,556,795, which was a decrease of \$842,581 or 13.17% from the previous quarter ended December 2014. Total arrears have decreased 6.08% as compared to March 2014.

## **TECHNOLOGY REPORT**

Building off of the momentum created in 2014 with an array of IT related accomplishments as directed by the IMIT Steering Committee, the first half of 2015 has been a very busy and productive one for the IT Branch. That momentum in the first half of 2015 has translated into several key accomplishments including four primary areas of focus.

### ***Local Union Information System (LUIS) 2***

To mitigate existing technical risk with CUPE core applications, the IT Branch is developing and testing the new LUIS 2 application and database. The new LUIS 2 application was architected and developed using proven modern day industry standards that allows CUPE to maintain and support LUIS 2 for years to come. We are now working on a version of LUIS 2 that will run as an app on a smartphone. More on that project in the coming months.

## ***Member Relationship Management System (MRM)***

A significant amount of focus has been on the creation of the concept of a new Member Relationship Management (MRM) system. This is the future of CUPE from a systems perspective and will house all information gathered on our members and locals as well as provide more robust reporting and communication tools. The MRM project has completed initial gathering of requirements, initial database design and initial User interface development. This system will be built off of the various stand-alone systems that CUPE has already invested in such as LUIS 2, CAIS, Fairness and Per Capita by designing a system to bring them all together into one larger data warehouse.

## ***Electronic Document Records Management System***

This key project continues to be a primary source of focus for the IT Steering Committee. Workshops have been ongoing, bringing in participation from across the country. In total, approximately 125 CUPE employees from all staff unions have been involved in the work to date. The goal of the workshops has been to identify the various ways documents are used and stored in the different regions with a view to establishing one common methodology built on best practices.

## ***IT Infrastructure***

From an IT infrastructure perspective, things are always moving forward. The installation of videoconferencing equipment was recently completed in all offices as identified in the 2015 budget. The videoconferencing system in Quebec will now need to be upgraded and we are working on this project. This project included the installation of videoconferencing units and training of users at every regional office and several local offices in Canada. Our first videoconferencing NEC meeting was successfully held on May 12<sup>th</sup>. By far the largest IT Infrastructure undertaking this year was the deployment of Microsoft Office 365 along with the upgrade of CUPE's email server to Microsoft Exchange 2013. Not only will this project insure that every CUPE employee has the latest version of Microsoft Office available but the increased functionality for collaborating and communicating will allow better interaction with all CUPE employees and members. This includes leveraging Skype for Business by allowing users the ability to videoconference from their desk. CUPE IT has also taken on several greening initiatives including the repurposing of older laptops to be deployed as spares for vacation relief and reconfiguring all multipurpose printers/scanners/ copiers to output double sided by default.

## **PROPERTIES AND LEASEHOLDS**

### ***Properties***

We are pleased to report that the new Ontario Regional Office in Markham will be awarded Leadership in Energy and Environmental Design (LEED) Gold Certification from the Canada Green Building Council. We aimed high on the 'green meter' with this project



and this achievement is an important validation of CUPE's tremendous efforts and commitment to environmental responsibility and the reduction of our environmental footprint. The project's progressive workspace features a number of sustainability and healthy design features, from automated lighting controls and ventilation systems to innovative interior layout that allows all employees to share in the natural light.

We are also very proud to announce that the National Office expansion building situated on Triole Street in Ottawa was granted LEED Silver certification by the Canada Green Building Council. More good news for our members, staff and our planet. Green construction is important for many reasons. It's not only the smart thing to do, but it is also the right thing to do. By using less energy, LEED-certified buildings not only save money and reduce greenhouse gas emissions but also contribute to a healthier work environment, healthier communities, and a better quality of life.

In British Columbia, we continued the process of looking for a new space for the British Columbia Regional Office. As reported in March 2015, we have identified two candidate properties, both of which we have under contract through what is referred to as a Letter of Intent (LOI). The LOI constitutes the conditions on which we would agree to purchase the building, providing us with the opportunity to determine which property is our preferred choice to move forward with a Purchase and Sale Agreement. Our staff is working closely with a team of advisors consisting of legal, project management and real estate financing services to assist us in the due diligence process. A tremendous amount of work has occurred over the past three (3) months in this regard leading to a recommendation that is being brought to this National Executive Board meeting to move forward with one of the identified buildings.

### ***Leaseholds***

The lease for the Timmins Area Office, Ontario, has been renewed for an additional five-year period, beginning November 1, 2014 and expiring October 31, 2019.

In the March 2015 report we identified a candidate property for the Prince George Area Office in British Columbia. During our normal due diligence work, we engaged the services of a local architect and engineering firm to perform a Building Assessment Analysis. Unfortunately the results were not favorable and the Landlord was not prepared to remediate the issues identified. For this reason we voided the Offer to Lease and will continue to occupy the current space until a suitable one is found.

We continue to explore options for lease renewals or relocation for the Dalhousie Area Office in New Brunswick, as well as for the Peel, London, Sudbury, Kenora and Thunder Bay offices in Ontario and the Prince George and Medicine Hat offices in Alberta.

## **NATIONAL CONVENTION AND OTHER CONFERENCES**

The Advance Notice for the 2015 CUPE National Convention taking place in Vancouver, B.C., November 2-6, 2015, went live on the CUPE.ca website on May 6<sup>th</sup>. Locals were also mailed a hard copy on that date. Since going live, W.E. Travel has received a number of requests for travel and hotel accommodations. As of Monday, May 25<sup>th</sup>, members have reserved a number of rooms at the different delegate hotels.

The Official Call and credential forms will be sent out to our CUPE locals and the Official Call will go live on August 4, 2015. Please note August 4, 2015 is also the deadline to send in resolutions and constitutional amendments. Once again we look forward to a successful and highly awaited convention on our west coast. Staff in our national office are working hard to ensure that the 2015 National Convention will be a success.

## **TRAINING AND DEVELOPMENT**

### ***Summer Schools Opening Across Canada***

Weeklong CUPE Summer Schools are happening across the country. Registration is high as members and locals use our education program to put the movement back in the labour movement. The schools are featuring some new workshops. For example, the *Introduction to Human Rights* workshop is happening in Ontario, Manitoba, Saskatchewan and British Columbia.

### ***Collective Bargaining Workshops***

Work is continuing on a new approach to bargaining education for CUPE local executives, bargaining committees and activists. The new eight workshop program provides targeted education for locals at the different stages of the bargaining process – from creating a strategic plan for bargaining to strike preparation and picket captain training when bargaining breaks down. In addition, *What Stewards Need to Know about Bargaining* will be a new module in the Steward Learning Series. The new program will be launched at the national convention in Vancouver and available for locals thereafter.

### ***Occupational Health and Safety Series***

Work on a new Occupational Health and Safety series of workshops is coming along well. Five modules are being piloted at the Saskatchewan Summer School. After final revision, these modules will be finalized in French and English. The remaining seven modules will be completed through the course of the next year.



## ***Privatization Conference***

In early May, Union Development worked with the Newfoundland and Labrador Division, the Atlantic Regional staff, the Communications Branch and National Services to provide a Privatization Conference just prior to the division convention in St. John's. The timing of the event could not have been better, as it happened shortly after the Provincial budget confirmed that the government intends to privatize long-term care and other services provided by CUPE members.

## ***Major New Resources in CUPE's Literacy Program***

The ***Transformations: Literacy and the Labour Movement, Past, Present, and Future*** book is now available in both languages. This project, led by CUPE, is the result of two years of hard work, research and collaboration. Published by the Hamilton based Workers Arts and Heritage Centre, it will be shared across CUPE's offices and will also be available for sale to other labour organizations. At a time when most literacy organizations lost their federal funding and subsequently closed their doors, this book documents the invaluable contribution of unions in the Canadian history of literacy.

## **PENSION ADMINISTRATION**

The Board of Trustees will hold its second meeting of the year in June to discuss ongoing issues of the pension plan. The Trustees have also invited the Settlers to attend the presentation of the January 1, 2015 actuarial valuation to seek any input or comments they may have.

The Board of Trustees have recently launched the new CUPE Employees' Pension Plan website – [www.cepp.ca](http://www.cepp.ca), which contains more information on the Plan as well as being accessible to the public.

The Auditors of the CUPE Employees' Pension Plan have completed the 2014 Pension Fund audit and the 2014 Financial Statements will be presented to the Trustees at the June meeting for its approval and posted on the CEPP website.

The 2014 Report to Plan Members is well underway and will also be posted on the CEPP website in July.

The Pension Plan staff are currently working on the preparation of the 2014 Pension Plan Annual Statements for all active plan members, retirees and deferred vested members.

The planning of the fall 2015 pre-retirement seminars is also taking place. The seminars' location will most likely be Vancouver, Ottawa and Toronto depending on the registration numbers. The seminars are offered to pension plan members who have reached the age of 45 and have five years of credited service under the Plan. The seminars prepare members both psychologically and financially for their retirement.

## **Deaths**

Mrs. Marlene Hughesman, spouse of late retiree John Donald Hughesman – April 21, 2015

Sister Jean Marie Ross, retiree, Calgary Area Office – May 27, 2015

Sister Lanette Ruth Bowman, retiree, Manitoba Regional Office – June 5, 2015

## **Retirement**

Sister Heather I. Hibbard, Peterborough Area Office – March 1, 2015

Brother Kelly Murray, Atlantic Regional Office – April 1, 2015

Sister Lorna E. Myers, New Glasgow Area Office – May 1, 2015

Sister Kathleen E. Corrigan, British Columbia Regional Office – June 1, 2015

Brother Donald E. Devine, British Columbia Regional Office – July 1, 2015

Sister Jill Allyson Currie, Manitoba Regional Office – July 1, 2015

Sister Sylvie Pepin, Quebec Regional Office – July 1, 2015

Sister Elaine Ehman, Saskatchewan Regional Office – August 1, 2015

Brother Sylvain Pilon, Quebec Regional Office – October 1, 2015

Brother Keith A. Reynolds, British Columbia Regional Office – March 1, 2016

Sister Frances C. Robertson, Kitchener Area Office – April 1, 2016

Sister Carole Lefebvre, National Office – April 1, 2016

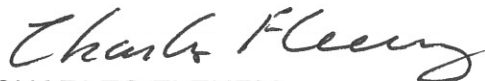
## **CONCLUSION**

Over the next few months we will shift more of our focus towards electing Canada's first NDP Federal government. The work that we are able to take on will determine the future of our country and of our labour movement.

It will be a very busy summer as we are also turning our focus towards the preparation of our National convention in Vancouver this fall.

I wish you all the very best for the spring and summer.

Respectfully submitted,



CHARLES FLEURY  
National Secretary-Treasurer

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