

**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD
Ottawa, Ontario
June 21-22, 2017**

Dear Sisters, Brothers and Friends:

With the 2017 Division Convention season now completed, I would like to thank each member of our National Executive Board as well as all Division Executive Board members and delegates, for the warm welcome that you extended at your conventions.

I appreciated having time in each of your Division agendas to co-host a National Officers event with President Mark Hancock. Mark and I met with over 1000 delegates to discuss our NEB policy to fight concessions and defend free collective bargaining. I reviewed the resources available to support these fights and I also gave each region an update on the improvements to our National Strike Fund Regulations.

At the Division conventions, I reported on some significant advances that CUPE National has made in our ongoing efforts to increase support for Financial officers:

- We have produced a new Financial Officers Handbook and this resource is now available online in both official languages. Our Financial Officers courses have also been updated and are available across the country.
- Electronic funds transfer is now available for all locals on Direct Remittance. Locals can now receive their rebates electronically. We hope to expand our ability in this area in the near future.
- The sample Electronic Ledger is now online and has been updated with important notes, tips and directions for Treasurers.
- My office continues to monitor the Constitutional requirement of every chartered body in CUPE National to file Trustee Reports; We are increasing our focus on this project, and seeing improvements across the country in this effort to increase our financial transparency and accountability.

Strike Fund Support

We continue to provide enhanced support to striking and locked out locals across the country through our National Strike Fund including strike pay, benefits, legal assistance and extensive campaign support.

I was able to visit a number of picket lines and continue to be inspired by the dedication and strength of our members who face these situations. I am particularly proud of the work that we undertook to assist CUPE Local 2073 during their nine-week strike against the Canadian Hearing Society in Ontario this spring. Our National technology staff worked with our campaign team to create an innovative video conferencing system, which allowed us to connect the 227 striking members from across the province in 16 CUPE National Area Offices. The conferencing system allowed us to provide translation capability in English, French, ASL Interpretation, LSQ (French sign-language) and simultaneous closed captioning. This strike afforded us the unique opportunity to expand our technology capabilities and to make significant advancements in our accessibility to all members.

Building Strong Locals Conference

After months of planning, 681 CUPE members and 78 staff came together in Halifax April 3-6, to participate in our national conference as mandated by our National *Strategic Directions* plan passed at the 2015 convention. The goal of the conference was to build our strength at the local level by highlighting our best practices related to five key areas: building strength at the bargaining table, improving local union infrastructure, engaging our members, building community allies and developing strong CUPE leaders. Local leaders and staff from across the country delivered dynamic workshops designed to share experiences and challenge participants to make advances in each area.

I was particularly interested to participate in the Building Strong Infrastructure workshop where the newly revised Financial Officer's handbook was launched. Participants learned from each other and tackled some of the most pressing issues facing locals.

Canadian Labour Congress

Along with Brother Mark Hancock, the National Executive Board, senior staff, and hundreds of CUPE delegates from across the country, I attended the CLC convention held in Toronto May 8-12. Canadian trade unions developed a comprehensive action plan which CUPE was proud to endorse including creating a fairer, greener, more equitable Canada for all Canadian workers. There was overwhelming support for increasing union density, stemming the tide of rising precarity and promoting inter-union cooperation.

In order to be successful at carrying forward these goals, I advocated for the CLC to prioritize developing a plan to ensure long term financial stability. With increased financial health, comes greater organizational stability and long-term viability.

Regional Challenges:

CUPE continues to face significant challenges as provincial governments impose restructuring of health care systems across the country. Due to our experience in the area of member mobilization and campaign development, CUPE continues to be successful in these challenging situations. Our recent victories with province wide representation votes in Quebec confirm that CUPE is the union of choice for health care workers.

CUPE health care workers in Manitoba, Saskatchewan and Ontario are now facing forced representation votes which have the potential to pit unions against each other and which squander limited healthcare resources. CUPE National is supporting each region as they face these uncertain and challenging times.

In March, I attended the largest ever CUPE Ontario Social Services Worker's Coordinating Committee conference in Ontario. Most notably, more than 300 delegates were able to hear the firsthand experience of Local Presidents who have been through recent strikes. While their individual experiences differed, central to their message was the importance of membership preparation and unity. We have much to learn from these experiences and sharing these lessons is the key.

Later in March, I was pleased to attend the CUPE Ontario Municipal Workers Coordinating Committee (OMECC) conference in Windsor. Faced with inadequate provincial and federal funding for municipalities, OMECC has launched a campaign to raise awareness of alternative revenue sources. Instead of service cuts, P3's, privatization and contracting out, OMECC advocates to increase municipal revenues through giving communities choices to implement progressive revenue tools. These could include changes such as allowing accommodation levy's (e.g. hotel taxes), making property taxes more progressive and further leveraging municipal financing authorities.

My office is proud to support the creation of the CUPE-Education Workers Benefits Trust for school board workers in Ontario. The Trust will provide Life, Accidental Death and Dismemberment, Dental and Extended Health Care Benefits to members in the sector. After an extensive startup phase, the Trust continues to take form and should be functioning independently by the end of the year.

Federation of Canadian Municipalities

This year, along with a full CUPE delegation, I attended the FCM conference and Trade show in Ottawa June 1-4. The theme for the event, which brought together municipal leaders from across the country on Canada's 150th anniversary of Confederation, was *Shaping Canada's Future*. The conference showcased a wide range of initiatives taking place across the country, with a special emphasis on advancements that tackle climate change and initiatives where municipalities are building better relations with Indigenous peoples and diverse communities. CUPE's participation in this event provides an opportunity for us to network, lobby and expand our policies and platforms at the municipal level, such as promoting alternative revenue sources, and bringing work back in house.

CUPE Staff Bargaining

The current round of bargaining with each of our staff unions across the country is almost complete. Bargaining with the CDU continues and we look forward to concluding this in the near future.

CUPE National Audits

This is the season where our CUPE National Trustees conducted their annual audit. The external auditors also completed their extensive review of our finances and systems. Our Trustees will report at this meeting. They also will present their reports for 2015 and 2016 at our National Convention in Toronto on Monday October 2, 2017.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2017

General Fund

The total assets in the General Fund at March 31, 2017 were \$236.8 million compared to \$235.1 million at December 31, 2016 and \$206.9 million at March 31, 2016. The items of significance are discussed below.

The bank balance at March 31, 2017 was \$24.8 million compared to \$23.0 million at December 31, 2016 and \$13.9 million at March 31, 2016. The bank balance includes various internal cash reserves which are set aside for retirement payouts, future benefits funding, property management, the 2017 Convention and the Regional Building Fund.

The total liabilities in the General Fund were \$170.9 million at March 31, 2017, slightly up from \$170.2 million at December 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.

The liability at December 31, 2016 stood at \$186.0 million, in comparison to \$184.4 million at the end of 2015. The December 31, 2016 Balance Sheet has recorded a liability of \$107.3 million leaving an unrecorded gap of \$78.7 million compared to a gap of \$87.5 million at the end of 2015. During the first quarter of the year we have recorded an additional \$2.3 million of the liability, bringing the total recorded liability to \$109.6 million.

The Fund Balance at March 31, 2017 is \$65.9 million of which a total of \$5.6 million is restricted as follows: Convention and National Events Assistance Fund, \$1.1 million and Regional Building Fund, \$4.4 million. Of the remaining Fund Balance, we have invested \$57.6 million in fixed assets leaving an unrestricted balance of \$2.7 million. This means that virtually 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 quarter is \$725,852, as compared to a budgeted surplus of \$20,413. Per Capita revenue is behind budget by \$699,180, while total revenue is behind budget by \$240,435. Total Expenses are under budget by \$945,876.

1. Strategic Directions, Fightback Fund and the Fairness project are \$744,000 under budget in aggregate.
2. Strengthening Provincial Divisions is \$240,000 under budget due to the number of payment requests received for the year to date.
3. Fixed Staffing costs are \$206,000 under budget. This budget line has been underspent for a number of years now and was carefully reviewed and reduced by \$500,000 for the 2017 budget.
4. Staff Development within the Union Development Department is under budget by \$177,000 due to timing of staff training which is set to occur during the second quarter of the year.
5. Offices Expenses are \$139,000 underspent at the end of this first quarter.
6. Legal and Arbitration within the National Services budget is \$100,642 overspent.
7. National Committees are currently \$203,000 over budget due to the timing of meetings that have taken place during this early part of 2017.

National Defence Fund

As at March 31, 2017, we have \$14.1 million in Total Assets compared to \$16.3 million at December 31, 2016 and \$11.6 million at March 31, 2016. The cash balance at March 31, 2017 is \$2.8 million compared to \$4.7 million at December 31, 2016. In addition, we have investments totalling \$9.7 million on the books at March 31, 2017, virtually unchanged from the prior period.

Under Liabilities we have accounts payable and accrued liabilities of \$1.5 million compared to \$2.0 at December 31, 2016. There is also \$6.5 million in cost-sharing campaigns' liability, up from \$5.5 million at the end of the previous year. Finally, there is \$654,000 owed to the General Fund at the end of this quarter.

Cost-shared campaigns approved by the National Executive Board for the first quarter of 2017 totalled \$1,774,750 of the annual budget of \$3.3 million. Major Organizing expenses were \$1,319,526, while National Strategic Initiatives totalled \$812,299. Spending on Regional Strategic Initiatives totalled \$128,120.

National Strike Fund

Total Assets in the National Strike Fund as of March 31, 2017 were \$94.9 million, as compared to \$95.0 million as at December 31, 2016, and \$86.8 million at March 31, 2016.

These assets consisted of \$3.8 million in cash, \$1.6 million in per capita receivable and \$89.5 million in investments.

Under Liabilities we have accounts payable and accrued liabilities as well as a payable to the General Fund totalling \$439,000, up from \$303,000 in December 31, 2016.

At March 31, 2017, the Fund Balance was \$94.5 million, compared to \$94.7 million at December 31, 2016 and \$96.8 million at March 31, 2016.

Revenue into the Strike Fund, including investment income, was \$3.0 million as at March 31, 2017. Expenditures for the quarter totalled \$3.9 million. This results in a net deficit for the year to date of \$926,000, before taking into account unrealized investment gains of \$666,165.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 2500 – Employees of the University of Laval, 1,730 members on strike from February 9 to April 1, 2017.

Local 2073 – Canadian Hearing Society, 227 members on strike from March 6 to May 15, 2017.

Local 2055 – Employees of the city of Mascouche, 25 members on strike from April 1 to May 15, 2017.

Local 1600 – Toronto Zoo, 386 members on strike from May 11 to June 12, 2017.

Local 2049 – Children's Aid Society of The District of Nipissing & Parry Sound, 117 members on strike from December 23, 2016 to April 24, 2017.

PER CAPITA ARREARS

For the quarter ended March 2017, the total arrears were \$7,606,487, which was an increase of \$909,190 or 13.58% from the previous quarter ended December 2016. Total arrears have increased 31.93% as compared to March 2016.

INFORMATION TECHNOLOGY (IT) REPORT

The Information Management/Information Technology (IMIT) plan continues to progress with oversight by the IMIT Steering Committee. In the upcoming months, the IT Branch's primary focus will be on: Convention IT readiness, launching the new releases of the Member Relationship Management System (MRMS), continuing to move to stronger Electronic Document and Records Management (EDRM) across CUPE, and further enhancements of CUPE's IT infrastructure for staff.

Systems Development:

Member Relationship Management System (MRMS)

The latest release of MRMS (R2B) was rolled out successfully on April 28 of this year. For the first time, this release introduced the concept of user dashboards tailored to the user's role within CUPE. Servicing Representatives will be able to see their current assignments and will have visual indicators such as notice to bargain, last trustee report received and latest collective agreement.

In June, the new Education module for UDD will be launched. This will support the planning and delivery of our education program including centralized access to education material. In the first roll out, we will create and maintain workshop libraries, catalogs, learning series and information on member facilitators.

In early September, we will add the ability to schedule workshops and schools across the regions, on-line registration, centralized tracking of participation and, enhanced reporting.

This release will also include enhancements to MRM LUI with the new capability to upload and view approved bylaws as well as the ability to track CUPE staff assignments.

The CUPEcloud Project (formally Electronic Document and Records Management or EDRM)

The CUPEcloud Project continues to make great strides. We continue our electronic cleanup which reduces duplications and different versions of CUPE documents and records, and allows for clearer and more efficient document searches. Along with other CUPE IT paper-reducing initiatives such as reducing hard copy printing, these tools positively effect CUPE's environmental impact reduce our reliance on paper.

Office 365 employee training will be complete across Canada by the end of June to be followed by phase 2 which includes developing a document management repository for all CUPE documents.

IT Infrastructure:

Operations

CUPE IT has completed the first phase of the Skype for Business roll out adding full telephone capabilities for all users at both the National and Ottawa Area offices. The second phase is underway, including testing the solution for Reception areas across CUPE, migration of meeting rooms and toll free with an expected completion for end of Q2 2017.

The deployment has also begun in both the Markham and Montreal offices with a gradual progression to all regional offices across the country with an expected completion date for replacing CUPE's aging telephone infrastructure by end of the third quarter of 2017.

PROPERTIES AND LEASEHOLDS

We have completed the design of our new space to house the BCRO in Burnaby and have recently completed the tender process for the construction of our leasehold improvements. We will be awarding contracts and starting construction shortly. Our project team is working 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. The target move date into the new facilities is the Fall of 2017.

We are working on building system repairs and modifications at our Regina and Cranbrook properties. We are also working on design for modifications of existing leasehold improvements at our Winnipeg and Kenora facilities.

We are looking at alternatives regarding our premises in Bathurst, and have started renewal negotiations at our New Glasgow and Dauphin facilities. We have also recently renewed our lease in Dalhousie.

We will be moving into a new building in Abbotsford in the Fall of 2017. We are presently finalizing the design for this new space and will start our fit-up this summer.

CONFERENCES AND EVENTS

CUPE's first ever Building Strong Locals Conference held in April at the Halifax World Trade and Conference Centre was a success. Not only was the topic of great interest to our locals, CUPE was delighted to bring one of its national conferences to the east coast.

Preparations continue for our 27th Biennial CUPE Convention taking place in Toronto October 2 to October 6, 2017. The Advance Notice for the 2017 National Convention went live on the cupe.ca website and locals were mailed a hard copy on April 5th. Since then, our locals have been busy booking their guestrooms at our delegate hotels.

For the first time ever CUPE is sold out of all 1,650 rooms at the originally signed delegate hotels; Sheraton Toronto Centre, Fairmont Royal York, Hilton Garden Inn and Hilton Toronto Centre. In response to our locals' eagerness to attend this year's convention, CUPE concluded agreements with other hotels to suit locals' requirements.

The Official Call and credentials forms will be sent out to our CUPE locals and will go live by July 4, 2017. Once again, we look forward to a successful convention in Toronto.

CUPE National continues to organize our usual committee meetings, branch meetings and training sessions. We are working to ensure that this year's National Convention, and all our national meetings are a success.

TRAINING AND DEVELOPMENT

Local Executive Training

UDD has a new training program designed for local executives and open to members who want to learn about executives. Executive members play many roles, each with considerable responsibility. Some workshops offered are for leaders in specific positions, others for any member of the executive and there are options for executives as a team.

The Local Executive Training Program (LET) provides an extensive choice of workshops for local executives.

An executive could begin with using planning tools. Strategic Planning for Bargaining is an important part of the newly revised National Executive Board Policy on Collective Bargaining. The executive can also create and maintain a general strategic plan for their local.

Training sessions are available for new local executives, leadership, executive position skills, collective bargaining, and representing members.

Facilitator Training

Member facilitators play a key role in delivering CUPE's growing education program to our members. UDD trains new member facilitators annually to keep a strong team in each region. The week-long training session is transformational and prepares our member facilitators to lead safe and respectful workshops that are designed to bring out our members' experiences.

Selection criteria include diversity, the geographic coverage of a region, experience within CUPE, availability, and bilingual ability.

In April, 24 members were trained in Prince Edward Island. The majority of the participants were from the Maritime and Atlantic Regions with some participants from the Prairies. The next training session for new member facilitators will take place in British Columbia in early 2018.

Also in April, UDD provided a 2.5-day advanced human rights training session for 23 high-level staff and member facilitators. The session was held in British Columbia and participants came from the four western provinces. This increases CUPE's capacity to facilitate the new week long "Introduction to Human Rights" which is already having a positive impact on CUPE's commitment to diversity and equity. The advanced training strengthens facilitation of other equity related workshops and, indeed, the entire education program.

The advanced human rights training will be offered in the east at a date to be determined.

PENSION ADMINISTRATION

The Settlers, CUPE, COPE Local 491 and CSU have recently amended the CUPE Employees' Pension Plan (CEPP) Trust Agreement to allow UNIFOR Locals 2013 and 2023 jointly to appoint a trustee and an alternate trustee on the Joint Board of Trustees (JBT). Further to the agreement, it is necessary for CUPE to add two trustees to the JBT. The JBT will now be administered by 10 trustees and 10 alternate trustees.

The following trustees/alternate trustees were appointed:

- Brother Pierre-Guy Sylvestre, UNIFOR Local 2013 Trustee
- Sister Linda Duchesne, UNIFOR Local 2023 Alternate Trustee
- Sister Candace Rennick, CUPE Alternate Trustee
- Brother Benoît Bouchard, CUPE Alternate Trustee

Other changes were recently made to the Joint Trusteeship:

- Sister Judy Henley, formerly Alternate CUPE Trustee, now CUPE Trustee.
- Brother Trevor Davies, CUPE Alternate Trustee, replacing Sister Kelly Moist, who has recently resigned from the JBT.

Pursuant to the resignation of Brother Gary Johnson as Retiree Trustee, earlier this year, and Brother Barry Thorsteinson assuming the position of Retiree Trustee, the JBT conducted an election for the vacant position of Alternate Retiree Trustee. Brother Raymond Arsenault was elected as the Alternate Retiree Trustee until the end of December 31, 2018.

The Board of Trustees will hold its second meeting of the year in June to discuss ongoing issues of the pension plan, in particular the upcoming filing of the January 1, 2017 actuarial valuation and the new framework being implemented, early 2018, by the Ontario government for single employer defined benefit pension plans. As an interim step, the government will also be implementing measures to assist defined benefit plans, that are required to file valuation reports in 2017, like the CEPP. These measures will assist plans that would otherwise face new solvency funding requirements due to those filings.

The Trustees have invited the Settlers to attend the presentation of the January 1, 2017 actuarial valuation result.

The Auditors of the CUPE Employees' Pension Plan have completed the 2016 Pension Fund audit and the 2016 Financial Statements will be presented to the Trustees at the June meeting for its approval.

The 2016 Report to Members is well underway and will be posted on the CEPP website in July/August. The Pension Plan staff are currently working on the preparation of the 2016 Pension Plan Annual Statements for all plan members. The statements will be mailed by end of June. Active plan members will also have access to their annual statements through the Plan's website at www.cepp.ca for pension estimate purposes.

Retirements

Sister Glenda M. Smith, Brandon Area Office – January 1, 2017
Sister Bernadette Boland, St. John's Area Office – August 1, 2017
Sister Pamela A. Smith, Calgary Area Office – September 1, 2017
Sister Aina Kagis, Saskatchewan Regional Office – September 1, 2017
Sister Erika Iliant, Manitoba Regional Office – September 1, 2017

CONCLUSION

As we complete the audit season at CUPE National, as is the case in all levels of CUPE across the country, we take the opportunity to evaluate our financial systems and financial health. I thank each of our CUPE National Trustees and all CUPE leaders in every region for their dedication and commitment to making sure CUPE's finances remain transparent and accountable.

With a solid financial and administrative foundation, we can continue to support and expand our work representing our members and building a better future for all.

As well as enjoying the many solidarity events and community celebrations sponsored by CUPE across the country, I hope that you all have time for relaxation and rejuvenation over the summer months.

Respectfully submitted,


CHARLES FLEURY
National Secretary-Treasurer

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