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**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD
Ottawa, Ontario
September 13-14, 2017**

Dear Sisters, Brothers and Friends:

By the time this report is presented to the National Executive Board in September, we will be less than three weeks away from our 28th CUPE National Convention where over 2,000 delegates will come together to set the direction for our union for the next two years. Preparations for the convention and associated pre-convention sector meetings and caucuses have been underway throughout 2017 with considerable leadership and staff involvement.

I am particularly proud of the increased National Events Assistance support that we now collectively provide to locals facing financial challenges. This convention, for the first time in our history, we have doubled the number of members who benefit from this assistance as we now invite approved applicants to send an accompanying alternate delegate so that members do not have to travel and attend convention alone. This assistance particularly benefits our newer, young and equality seeking members who may never have attended our National Convention or National Events. Our goal is to continue to increase access to our union, for all CUPE members regardless of their socio-economic status and this improvement takes further steps towards that goal.

Building on the significant improvements we have achieved through past initiatives, we continue to work on 'greening our national convention'. In addition to implementing carbon offsetting and green stewards, we continue to work hard to reduce our paper consumption. This convention, we are introducing the option for delegates to have an electronic convention kit. Delegates who choose an electronic kit will receive a convention bag and earbud type headset to enjoy with their phone or tablet.

I would also like to remind delegates that, at all national events, we have a quiet room for people with disabilities to go to and relax between sessions. In Toronto, the room in the Convention Centre is 702. Any delegate with a mental or physical disability is invited to take advantage of this quiet room when needed.

MARK HANCOCK
National President/Président national

CHARLES FLEURY
National Secretary-Treasurer/Secrétaire-trésorier national

DENIS BOLDUC, FRED HAHN, JUDY HENLEY, DANIEL LÉGÈRE, MARLE ROBERTS
General Vice-Presidents/Vice-présidences générales



Building Solidarity

Thousands of CUPE members spent time over the summer and early days of the fall, organizing and participating in a wide range of community events across the country. Many of these events were funded through our National Defence Fund, to promote public services, safer workplaces, greater equality and stronger communities. This financial quarter saw increased use of CUPE resources to support labour and community solidarity actions, Labour Day events, Pride events, community barbeques, and initiatives to increase our membership mobilization in our fight against contracting out and austerity attacks across the country.

Our work with our community allies continues to grow as we broaden our commitment to stand shoulder to shoulder with all who face attacks the rising tide of fascism and racism here in Canada, in the USA and across the globe. We continue to support many justice-seeking coalitions, movements and organizations who take a stand against the right wing divisive policies and values of those who scapegoat people who are racialized, Muslim, Jewish, LGBTTQI, and others, in an attempt to divide and instill fear in us all. We must continue to fund these progressive initiatives. It is the job of every CUPE activist, member and staff to take a stand against the rise of all forms of fascism whenever it shows up in our workplaces and communities.

I was very proud to be able to march in the Labour Day parade this year in Toronto. It is always a very powerful experience to be part of Canada's largest Labour Day parade with over 25,000 union activists and allies participating. This year was especially significant as I, along with Brother Mark Hancock, was invited to march with CUPE, TCEU Local 416 contingent as the Toronto and York Region Labor Council recognized the Local's 100th anniversary.

A number of our large municipal locals are celebrating their 100th anniversary this year and celebrations marking these significant milestones have taken place or are planned before the end of the year. I would like to make special mention of:

- CUPE Local 9, City of Moose Jaw municipal workers
- CUPE Local 37, City of Calgary municipal workers
- CUPE Local 38, City of Calgary municipal workers
- CUPE Local 30 City of Edmonton, outside workers
- CUPE TCEU Local 416, City of Toronto, outside workers

In addition, my own home Local 1500, Employees of Hydro-Québec, celebrated both their 50th anniversary and 25th annual convention this past June. It was an honour to attend this important occasion.

Although I have not been able to attend many of the anniversary events in person due to scheduling conflicts, we have been able to provide financial support to related membership engagement initiatives and history projects through our National Defence Fund.

Organizing Support

We continue our strong financial support for organizing non-union members with increased resources for organizing projects in each region and resulting growth in CUPE membership. We recognize that there are considerable challenges to building the union in these newly organized workplaces and units, and I commend locals who have committed to support these groups and welcome them into their locals. There are many challenges to doing so in the short term, however over time, we are much stronger as we increase union density and solidarity in our sectors and communities.

While organizing resources continue to be allocated to support newly organized units, we face considerable challenges as we face government austerity agendas and resulting restructuring attacks pitting unions against each other as boundaries for health units and other sectors get redrawn and reinvented under the guise of "cost containment" and "efficiencies".

CUPE National is committed to support each and every one of these challenges. Significant resources continue to be allocated to support our health care members and staff in Saskatchewan, Manitoba and Ontario as they organize internally and work with labour allies to build solidarity during these difficult times.

Bargaining Support

We continue to provide resources to support the implementation of the NEB policy adopted at the September 2016 NEB: *Collective Bargaining: Resisting Concessions and Two Tiered Proposals, and Defending Free Collective Bargaining – Moving Forward*. As regional plans develop, work will turn to improving our ability to develop local, sector and geographical strategic plans to bring our policy to life in every part of our union. Significant progress has already been achieved and we continue to monitor our effectiveness as well as our changing needs.

Through our National Strike Fund, we have been able to increase the assistance provided to locals when bargaining breaks down as locals now have easier access to Strike Assistance Campaign funding. This is particularly evident in our sectors who do not have the right to strike as campaign funding requests for these workplaces increases.

Legal Challenges and Victories

An increasing amount of CUPE legal resources are being dedicated to support precedent setting cases and attacks against our bargaining and equality rights. While we regularly have significant victories across the country, I will mention a few that have required significant resources this past quarter:

Bill 115 – Putting Students First Act: After four years and some hundreds of thousands of dollars in CUPE National legal funding, the case is over with a \$56.7 million settlement and a court decision confirming that the Ontario government's legislation violated the Charter rights of our members in the school board sector. The settlement funds are to be divided amongst the over 60,000 CUPE members who were employed during either or both of the 2012/13 and 2013/14 school years when the legislation was in effect.

Hydro One: In this case brought on behalf of all rate payers in Ontario, it was alleged that the government orchestrated the sale of shares in Hydro One in such a manner as to reward monied interests including financial institutions and Bay Street law firms who in turn provided significant financial support to the Liberal Party. The legal term is misfeasance in public office. In a recent ruling although we achieved a partial victory ensuring the Premier and Ministers can't hide behind legislative privilege, the court upheld a motion by government and dismissed the case. In light of the critical nature of the issues in this case, CUPE National is appealing the ruling to the Ontario Court of Appeal.

The Nova Scotia government has now joined the list of governments who seek to dictate collective bargaining outcomes by way of mandating limits on wage and/or other compensation increases through legislation. CUPE together with the other affected unions (NSNU, NSTU, NSGEU and UNIFOR) have formed a coalition to work with the Federation of Labour to co-ordinate a Charter challenge to this attack on free collective bargaining and violation of our members right to freedom of association.

Strikes

Our National Strike Fund provided significant support to the 602 CUPE Local 1816 members locked out by Pacific Blue Cross in British Columbia. These members began job action on May 2 and were subsequently locked out by their employer. The local united in their fight against the employer's concessions and recently won the strike with no concessions including protecting retiree benefits. The collective agreement was ratified by the union on September 10, 2017.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2017

General Fund

The total assets in the General Fund at June 30, 2017 were \$266.4 million compared to \$236.8 million at March 31, 2017 and \$235.1 million at December 31, 2016. The items of significance are discussed below.

The bank balance at June 30, 2017 was \$27.2 million compared to \$24.8 million at March 31, 2017 and \$23.0 million at December 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 \$200.1 million at June 30, 2017, up from \$170.9 million at March 31, 2017.

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 true 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 half of the year we have recorded an additional \$6.5 million of the liability, bringing the total recorded liability to \$113.8 million.

The Fund Balance at June 30, 2017 is \$66.1 million of which a total of \$3.3 million is restricted as follows: Convention and National Events Assistance Fund, \$1.0 million and Regional Building Fund, \$2.3 million. The Regional Building Fund was decreased by \$2.3 million in the second quarter reflecting the amount of cash we have invested in the new BCRO project. Of the remaining Fund Balance, we have invested \$57.7 million in fixed assets leaving an unrestricted balance of \$5.1 million.

The preliminary operating surplus (before the provision for the Regional Building Fund and Unrealized Gain on Investments) for the quarter is \$2.2 million, as compared to a budgeted deficit of \$374,182. Per Capita revenue is ahead of budget by \$925,000, bringing total revenue ahead by \$1.8 million. Total Expenses are under budget by \$749,201.

1. Strategic Directions, Fightback Fund and the Fairness project are \$1.5 million under budget in aggregate.
2. Fixed Staffing continues to run under with costs at \$575,000 below 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.
3. Office Expenses are \$184,000 underspent. We are watching closely to see if this trend continues as we believe it is as a result of the emphasis on printing and photocopying.
4. Strengthening Provincial Divisions is \$160,000 under budget due to the number of payment requests received for the year to date.
5. National Committees are currently \$183,000 over budget due to the timing of meetings that have taken place during the first half of the year.
6. Member facilitator, Schools and Workshops and Member Facilitator Training within the Union Development Department are cumulatively \$275,000 over budget due to the number of events held for the year to date.

National Defence Fund

As at June 30, 2017, we have \$13.5 million in Total Assets compared to \$14.1 million at March 31, 2017 and \$16.3 million at December 31, 2016. The cash balance at June 30, 2017 is \$2.0 million compared to \$2.8 million at March 31, 2017. In addition, we have investments totalling \$9.7 million on the books at June 30, 2017, unchanged from the prior period.

Under Liabilities we have accounts payable and accrued liabilities of \$584,000 compared to \$1.5 million at March 31, 2017. There is also \$5.5 million in cost-sharing campaigns' liability, down from \$6.5 million at the end of the previous quarter. Finally, there is \$345,000 owed to the General Fund at the end of June.

Cost-shared campaigns approved by the National Executive Board for the first six months of 2017 totalled \$2,330,398 of the annual budget of \$3.3 million. Major Organizing expenses were \$2,207,632, while National Strategic Initiatives totalled \$1,193,043. Spending on Regional Strategic Initiatives totalled \$276,961.

National Strike Fund

Total Assets in the National Strike Fund as of June 30, 2017 were \$94.7 million, as compared to \$94.9 million as at March 31, 2017, and \$95.0 million as at December 31, 2016. These assets consisted of \$2.4 million in cash, \$1.7 million in per capita receivable and \$90.6 million in investments.

Under Liabilities we have accounts payable and accrued liabilities as well as a payable to the General Fund totalling \$187,000, down from \$439,000 in March 31, 2017.

At June 30, 2017, the Fund Balance was \$94.5 million, unchanged from March 31, 2017 and \$94.7 million at December 31, 2016.

Revenue into the Strike Fund, including investment income, was \$6.3 million as at June 30, 2017. Expenditures totalled \$6.9 million. This results in a net deficit for the year to date of \$577,000, before taking into account unrealized investment gains of \$381,373.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 1816 – Pacific Blue Cross, 602 members on strike then locked out from May 13 to September 10, 2017.

PER CAPITA ARREARS

For the quarter ended June 2017 the total arrears were \$8,048,190 which was an increase of \$441,703 or 5.81% from the previous quarter ended March 2017. Total arrears have decreased 5.21% as compared to June 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, progressing on a new automated Expense Claim Management System, launching 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:

Expense Claim Automation (New Initiative)

The IT team, in collaboration with CUPE's Finance Branch has started the development phase of a new electronic system for processing expense statements and activity reports. Once this system is operational, it will replace the current system of pre-signed cheques for permanent reps and Directors in the field and will allow all CUPE staff to prepare and submit expense claims electronically.

The roll out of this system is planned for the early part of 2018.

Member Relationship Management System (MRMS)

In June, the MRMS successfully rolled out its first release of the new Education module for UDD, MRMS R3.0. This initial roll out supports the planning and delivery of CUPE's education program including centralized access to education material, and the ability to create and maintain workshop libraries, catalogs, learning series and information on member facilitators.

In early September, the next release of MRMS (R3A) will see new functionality added to the Education module with inclusion of scheduling workshops and schools across the regions, on-line registration, centralized tracking of participation, preparing and sending of certificates and enhanced reporting.

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

The first round of Office 365 Employee training is now complete. We have seen an impressive and steady increase in the use of new Office 365 Productivity Tools including OneDrive for Business and Groups in Office 365. Decommissioning of the old DocuShare repository is well under way, renewal has been declined resulting in some cost savings.

CUPE Area Offices that do not have access to the network file shares are now almost all using a Group in Office 365 to store, collaborate and share information and documents.

IT Infrastructure:

Operations

Building on the completion of the Skype For Business pilot phase, CUPE IT has continued rolling out Skype for Business full telephone capabilities to all users in the Ontario, Quebec and BC Regional offices. Testing of the software solution for reception staff continues and the migration of meeting rooms and toll-free numbers has begun with a target completion for end of 2017. The target is to have all offices except for those in Saskatchewan, fully converted to Skype for Business by early 2018. The cost savings expected with this move is significant as it will mean an end to investing in expensive telephone systems.

PROPERTIES AND LEASEHOLDS

We have completed the design of our new space to house the BCRO in Burnaby and have successfully tendered the project. Construction of the Leasehold Improvements are on-going and we are currently on schedule and on budget. 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 late Fall of 2017.

We completed leasing transactions for new offices in Bathurst and Barrie. We also entered into an agreement to expand our premises and extend our lease in Kenora.

We are working on building system repairs and modifications at our Regina and Saskatoon offices and have completed structural restoration work at Cranbrook. We are now engaged in the design for new leasehold improvements in Bathurst, Barrie and Kenora. We are also working on design for modifications of existing leasehold improvements at our Winnipeg facilities.

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 shortly.

CONFERENCES AND EVENTS

The deadline for chartered organizations to submit credential forms officially closed on Friday, August 18, 2017 and to date we have 1,797 delegates and 148 alternates registered to our 2017 convention. In addition, we have 31 observers registered. While the deadline to "officially" receive credential forms has passed, CUPE continues to accept credentials and will do so even on site. We expect a great turnout!

Since June, due to increasing demand, CUPE has signed more contracts for guestrooms in Toronto, the Westin Harbour Castle Hotel, Chelsea Hotel Toronto, Bond Place Hotel, Pantages Hotel and Radisson Admiral Hotel. CUPE is working hard to ensure that all of our delegates find affordable and quality accommodations for this year's convention.

CUPE conducted an accessibility site audit on July 5 and 6, with one member from the National Persons with Disabilities' Committee. We visited the Metro Toronto Convention Centre South Building, Hilton Toronto Hotel, Sheraton Centre Toronto, Fairmont Royal York and the Intercontinental Toronto Centre. The representative from the committee offered some very vital recommendations to the hotels and convention centre. All of the hotel sales representatives who we met with welcomed the feedback and committed to implement the proposed changes and requirements.

Summer is drawing to a close and we find ourselves back to our regular fall planning for committee meetings. The National Pink Triangle Committee met this past month in Montréal, in conjunction with the Pride Parade taking place in Montréal. The National Library Committee, Literacy Working Group and Learning Champions, Child Care Working Group, Advisory Committee on Pensions, Women's Committee, Young Workers' Committee, Political Action Committee and the Contracting-Out and Privatization Coordinating Committee will all be meeting at the end of August and in September before we make our way to Toronto for convention.

TRAINING AND DEVELOPMENT

Parliamentary Procedure

Over the past several months, Union Development has revised CUPE parliamentary procedure resources as well as the workshop, in collaboration with the National President's Office and the Communications Branch.

The nine-hour Parliamentary Procedure workshop is part of the Leadership section of the Local Executive Training Program. It has been piloted and has been well received. There are now more opportunities to practice chairing a meeting and the workshop's step by step approach allows practice after each new learning.

The new resource material is written and designed to make information accessible to CUPE members. The Communications Branch supported Union Development in creating usable and readable documents that are assembled into a new Parliamentary Procedure Kit. The kit includes a revised Handbook and a Guide to Your Union Meeting (for the Chair). A new Glossary has been developed and the Meeting at a Glance tool is redesigned. Samples will be available at National Convention in the CUPE Village.

CUPE members will receive the new kit as a resource when attending Parliamentary Procedure workshops. The kit may also be ordered online at cupe.ca later this year.

Literacy and Virtual Learning: Numeracy Video Pilot

Union Development continues to develop fully accessible, educational tools for CUPE members. The CUPE Literacy Program collaborated with Communications Branch to create an online tool that supports numeracy skills. This first pilot video is part of our Financial Officers training.

This simple video demonstrates how to calculate per capita by showing our audience the steps to convert decimals to percentage, and percentage to decimals. The pilot allowed us to look at the technology we may consider utilizing as we continue to envision virtual learning possibilities.

Staff will demonstrate the numeracy video at the Financial Officers booth in the CUPE Village during National Convention. It will also be available to use on cupe.ca.

New Ombudsperson Video

Union Development along with Communications Branch, has produced a video on the Ombudsperson Program which also highlights the CUPE Code of Conduct. This one minute and fifty second animated video is designed for use at CUPE events such as National Conventions, National Conferences, and week-long schools where the Ombudsperson Program is offered.

The video references the 2007 National Women's Task Force and its recommendation for a CUPE Code of Conduct. The Code of Conduct is now part of the CUPE National Constitution. It shows how the complaint process and the Ombudsperson Program work, and it reinforces CUPE's commitment to democratic debate and discussion. The video emphasizes that all CUPE members and staff need to be safe and respected while participating at CUPE events.

In early December, there will be a national ombudsperson training session in Ottawa. The selection process will take place this fall as we work to supplement our existing trained members and staff in the CUPE ombudsperson team.

PENSION ADMINISTRATION

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

The trustees reviewed the final result of the January 1, 2017 actuarial valuation, as well as the Interim Solvency Relief Measures to be adopted for the filing of the Valuation at September 30, 2017. While the Plan is doing quite well on a going concern basis (assuming the Plan continues indefinitely), with a funded ratio of 122.7% and going concern surplus of \$133 million, the Plan's solvency valuation (assumes the Plan has been terminated at the valuation date) ratio is well below 100%, i.e. 91.3% with a solvency deficit of \$72 million. This is what will be filed with the Regulators as at January 1, 2017.

As noted in my prior report and as of writing this report, we are still awaiting to hear on the new framework being implemented early 2018, by the Ontario government for single employer defined benefit pension plans which will hopefully have a positive impact on the Plan.

The 2016 Annual Report to Members is now available under the Plan's website at www.cepp.ca

Plan members also now have access to current and past pension annual statements through the Plan's website for pension estimates purposes.

Retirements

Brother Victorien Pilote, Quebec Regional Office – August 1, 2017
Sister Jennifer A. Kaufmann, London Area Office – September 1, 2017
Sister Julie C. Prévost, Finance and Administration – September 1, 2017
Brother Thomas A. Baker, Peel Area Office – November 1, 2017
Sister Christina J. Hansford, Calgary Area Office – November 1, 2017
Sister Maxine Copeland, Comox Valley Area Office – November 1, 2017
Brother Steve Lillico, Ontario Regional Office – December 1, 2017
Sister Sharon Elizabeth Angel, Research, J. E., Health & Safety Branch – December 1, 2017
Sister Pauline Désautels, Quebec Regional Office – March 1, 2018

CONCLUSION

I look forward to seeing you all at our National Convention in Toronto in a few short weeks where we will celebrate the work of our great union, strategize on policy positions and debate our priorities and the pathway for the work that we face over the coming two years.

Respectfully submitted,



CHARLES FLEURY
National Secretary-Treasurer

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