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**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD
Ottawa, Ontario
September 19-20, 2018**

Dear Sisters, Brothers and Friends:

Many CUPE activists and staff have spent time over the summer months proudly representing our union at many community and union events across the country. Our CUPE National funds have provided resources to support a significant number of these events.

With the fall comes the launch of the annual CUPE National budget preparation. An extensive consultation process kicks off this year beginning the week of October 15. To better understand the needs of each region and department, I will meet with all Managing Directors, Regional Directors, regional elected leaders and staff involved in the budget process. This detailed consultation permits us to better support the regional and departmental initiatives and challenges for 2019.

CUPE National Task Force on Staffing

It is with great pleasure that I present to this National Executive Board, the final report of the *CUPE National Secretary-Treasurer's Task Force on Staffing*. I begin by acknowledging the significant work undertaken by the Task Force members and assigned staff. Their commitment to this project was significant. I hope that this report provides the opportunity for a series of initiatives and projects to move the recommendations forward.

As previously reported, at the 2017 CUPE National convention, I committed to set up the *CUPE National Secretary-Treasurer's Task Force on Staffing*, comprised of NEB members and senior staff.

MARK HANCOCK
National President/Président national

CHARLES FLEURY
National Secretary-Treasurer/Secrétaire-trésorier national

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



The mandate of the Task Force was considerable and was as follows:

- Analyse the new realities facing CUPE locals and chartered bodies including increasingly centralized bargaining structures across the country;
- Investigate and understand where current or perceived staffing imbalances exist;
- Review current staffing allocations and making recommendations for the future;
- Recommend updated servicing approaches to meeting the current needs of our locals.

The Task Force convened throughout 2018 and considered how to best respond to our current realities including the evolution of servicing requirements as more of our locals are merging into larger locals or provincial structures. An in-depth review included the range of considerations involved in balancing servicing assignments such as: vast geographic areas, many very small locals, multiple sectors, locals with collective agreements expiring at the same time, to name just some of the considerations. Significant attention was given to what challenges and supports are available or needed for our National Servicing Representatives and National specialists facing these emerging needs.

Extensive data was also reviewed including the growth of new permanent positions since 2012, the last time the staffing review was conducted, as well as examination of data on member to staff ratios by region and bargaining unit to staff ratios across the country.

Significant attention was paid to the factors which formed some of the impetus behind the Task Force, including the high level of National staff turnover in the field.

As previously reported, in addition to the formal Task Force deliberations, this year at each Division convention, I set up meetings with locals of varying sizes to interview them and to get their perspective on these questions. I met with a total of eighteen locals, bargaining councils and Service Divisions from each region representing most sectors of our union.

Substantial recommendations are included in the Task Force Report which will be presented at this Board meeting. This report is intended to be a catalyst for much discussion and collaboration across the country on how we implement the recommendations in the months and years ahead. I am very pleased to say that thanks to the diligent work of our Task Force members and staff, we met our goal to report back to the National Executive Board in time for the budget consultations this fall.

Restructuring and Representation Votes

Saskatchewan Health Care

Substantial resources continue to be provided to the region to assist with the significant restructuring occurring in the health sector. In addition to massive organizational changes, possible representation votes in the region could lead to 12,000 CUPE members and almost equal numbers of other union members in the sector, voting on which union will represent them in the future.

Although the specifics of the bargaining unit wide restructuring are not clear, other types of mergers, contracting out, and lay-offs are underway. CUPE leaders and staff in the region are working very hard to build and strengthen labour movement alliances so that unions are united

in their opposition to the attacks. CUPE National continues to provide significant funding to the region to face these difficult situations.

Manitoba Health Care

CUPE National is closely monitoring and supporting an active and robust campaign to deal with the legislative attacks passed in June 2018, through Bill 29, the Health Care Restructuring Act. 10,000 CUPE health care workers in the region will be forced in representation votes with 13,000 workers from other unions in the sector.

CUPE is preparing for these votes through workplace and community organizing, member engagement and the implementation of a comprehensive strategic campaign. This is a very difficult challenge, which the leaders and staff in Manitoba are taking on. Over the next few months, this issue will continue to be the major focus of attention in the region backed up by support and resources from CUPE National.

Ontario Health Care

Ontario health care sector continues to see considerable restructuring with continued hospital mergers across the province. In Toronto, two major hospitals are in the process of merging and 1,500 CUPE members and equal numbers of other union members, pitted against each other in representation votes. In addition, CUPE National is supporting a separate organizing campaign involving the non-union clerical staff at St. Michael's hospital as part of the restructuring. Significant organizing resources are being provided to support these campaigns.

With the election of the new premier in the province, CUPE health care members along with most other sectors, are preparing for the Tory attacks as they set their sights on attacking unions, public services and the basic fiber of our communities across the province.

Election Support

This year we dedicated significant resources increasing CUPE member participation in elections and to raising awareness of the value of public services across the country. From coast to coast, CUPE activists are committing themselves to this effort. New Brunswick CUPE activists are mobilizing CUPE members in priority ridings for the provincial NDP. Prince Edward Island faces provincial elections this fall.

Quebecers will go to the polls on October 1. CUPE was very active on the ground in the provincial election even before the campaign started on August 23. In the pre-election period, CUPE and five other FTQ-affiliated unions posted signs and billboard ads in targeted ridings portraying the governing Liberals and the Coalition Avenir Québec who is leading in polls as similar right-wing parties, implying that voters should turn to other parties. The campaign had major media attention and according to a poll conducted internally, 8% of the Quebec population changed their position because of the campaign impact. I congratulate and salute all staff and members who worked day in and day out on this very effective campaign.

During the election campaign, the coalition of unions will ask all parties to commit to a fifteen-dollar-an-hour minimum wage, universal Pharmacare and no tax cuts to avoid the privatization of public services and crown corporations.

Ontario's provincial election on June 7 was extremely disappointing, as a landslide Tory victory swept the province. The NDP had its second strongest showing ever as 40 NDP MPP's, including three CUPE members, were elected.

In preparation for the 2019 provincial election in Saskatchewan, a political action conference will be held this fall.

October is a big month for municipal elections as Ontario, Manitoba and British Columbia all go to the polls to elect their municipal governments that month. CUPE activists will be engaged in all campaigns and CUPE resources are backing them up.

Union Education Branch (UEB)

Earlier this year our Union Development Department was renamed the Union Education Branch and became part of the National Services Department. As previously reported, responsibility for staff training and development was moved to the Human Resources Department. Future UEB reports will be in the National Services Department Reports and we look forward to continued dynamic and innovative program development and delivery.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2018

General Fund

The total assets in the General Fund at June 30, 2018 were \$288.2 million compared to \$277.7 million at March 31, 2018 and \$279.4 million at December 31, 2017. The items of significance are discussed below.

The bank balance at June 30, 2018 was \$30.0 million compared to \$25.4 million at March 31, 2018 and \$27.0 million at December 31, 2017. The bank balance includes various internal cash reserves which are set aside for retirement payouts, future benefits funding, property management, the 2019 Convention, the Regional Building Fund and the OSBCU liability.

The total liabilities in the General Fund were \$233.8 million at June 30, 2018, up from \$223.5 million at March 31, 2018 and \$225.0 million at December 31, 2017.

The Employee Life and Health Trust for the OSBCU has been established. Of the \$7 million start-up monies that CUPE has been managing, approximately \$1.0 million was spent on start-up costs, and \$1.0 million has been transferred to the Trust leaving a balance of \$5 million to be transferred into the Trust. We expect the final transfer of funds to be completed by the end of the year. As previously reported, this amount is showing as a liability on our Statement of Financial Position until such time as all reconciliations are complete and we are in a position to transfer the funds to the Trust.

The true liability for our Employee Future Benefit costs at December 31, 2017 stood at \$192.5 million, in comparison to \$186.0 million at the end of 2016. The December 31, 2017 Balance Sheet has recorded (adjusted for change in accounting policy) a liability of \$140.1 million leaving an unrecorded gap of \$52.4 million. Thus far in 2018 we have

recorded an additional \$5.8 million of the liability, bringing the total recorded liability as at June 30, 2018 to \$145.8 million.

The Fund Balance at June 30, 2018 is \$54.4 million of which a total of \$1.5 million is restricted as follows: Convention and National Events Assistance Fund, \$900,000 and Regional Building Fund, \$563,000. Of the remaining Fund Balance, we have invested \$61.5 million in fixed assets leaving a negative unrestricted balance of \$8.5 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 quarter is \$30,400, as compared to a budgeted deficit of \$1.3 million.

Per Capita revenue is ahead of budget by \$1.5 million and general investment income is over by \$145,000. Realized investment income on our Employee Future Benefit investment account is \$469,000 over budget. Unrealized losses on that same account for the first half of 2018 were just over \$1.0 million. This amount is never budgeted in advance of course due to the inability to predict the markets into the future.

Salaries are under budget by \$111,000, current benefits over budget by \$320,000 and future benefits excluding the unrealized investment loss are over by \$1.1 million. Directors and Representatives salaries are over budget by 0.8% (\$193,000). Administrative and Technical Salaries are 1.1% (\$56,000) under budget and Clerical salaries are over by 4.6% (\$411,000). As is often the case during the first half of the year, Vacation Relief is still under budget by 60.1% (\$661,000).

Cumulatively, the other operating expenses are approximately \$563,000 under budget. Below are some of the more significant items:

1. Strategic Directions is \$747,000 under budget.
2. Fightback Fund is \$500,000 under budget.
3. Election Spending is \$385,000 under budget.
4. Strengthening Provincial Divisions is \$85,000 under budget due to the number of payment requests received for the year to date.
5. Equipment Leases and maintenance is \$150,000 over budget due to the timing of some equipment upgrades made during the year to date.
6. As is the case annually, Operational Travel is \$301,000 over budget due to the extent of meetings that take place across the country during the first half of the year.
7. Professional fees are \$308,000 over budget.

National Defence Fund

As at June 30, 2018, we have \$14.8 million in Total Assets compared to \$13.8 million at March 31, 2018 and \$13.9 million at December 31, 2017. The cash balance at June 30, 2018 is \$2.1 million as compared to \$1.2 million in March 31, 2018 and December 31, 2017. In addition, we have investments totalling \$10.9 million on the books at June 30, 2018, marginally up from \$10.7 million in the prior period.

Under Liabilities we have accounts payable and accrued liabilities of slightly under \$1.0 million, similar to March 31, 2018 and compared to \$2.1 million at December 31, 2017. There is also \$7.2 million in cost-sharing campaigns' liability, up from \$6.1 million at the end of the previous quarter. Finally, there is a \$141,000 liability owed to the General Fund at the end of June.

Cost-shared campaigns approved by the National Executive Board in the second quarter totalled \$3,133,405 against an annual budget of \$3.5 million. However, there were \$220,347 in unused funds from prior years campaigns that were closed out during the quarter. Major Organizing expenses were \$1,477,574 against the annual budget of \$3.6 million. National Strategic Initiatives totalled \$996,738 against the annual budget of \$2.9 million. Spending on Regional Strategic Initiatives totalled \$515,624 with a budget for the year of \$2.1 million.

National Strike Fund

Total Assets in the National Strike Fund as of June 30, 2018 were \$96.7 million, as compared to \$97.8 million as at March 31, 2018, and \$99.3 million at December 31, 2017. These assets consisted of \$2.3 million in cash, \$1.8 million in per capita receivable and \$92.6 million in investments.

Under Liabilities we have accounts payable and accrued liabilities as well as a payable to the General Fund totalling \$498,000, up from \$485,000 in March 31, 2018 and \$446,000 at December 31, 2017.

At June 30, 2018 the Fund Balance was \$96.2 million, compared to \$97.3 million at March 31, 2018 and \$98.8 million at December 31, 2017.

Revenue into the Strike Fund, including investment income, was \$6.5 million as at June 30, 2018 and expenditures totalled \$9.2 million resulting in a deficit \$2.7 million, before taking into account unrealized investment gains of \$51,000.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 5317, Viterra Inc. (Québec) – 51 members locked out since January 30, 2018.

Local 3903, York University (Ontario) – 3,000 members went on strike starting March 5, 2018. Unit 2 returned to work on June 18, 2018. Unit 1 and 3 were legislated back to work on July 25, 2018.

Local 4764, Community Justice Society (Nova Scotia) – 6 members, on strike from July 30, 2018 to September 4, 2018.

PER CAPITA ARREARS

For the quarter ended June 2018 the total arrears were \$8,602,639 which was an increase of \$2,544,768 or 42.01% from the previous quarter ended March 2018. Total arrears have increased 6.89% as compared to June 2017.

INFORMATION TECHNOLOGY (IT) REPORT

In the upcoming months, the IT Branch's primary focus will be on the following: enhancements to the new automated Expense Statement System, Moniroo, enhancements to CUPE's Member Relationship Management System (MRMS), continuing to move to stronger Information Management across CUPE via the CUPEcloud initiative, and further enhancements of CUPE's IT infrastructure for staff.

MRMS

At the beginning of August, the MRMS Release 3D was deployed which included a major enhancement to the Education module that allows Member Facilitators to log into the system to access the workshops that they are facilitating.

In preparation for the next Convention, design and development work is continuing on the next major MRMS release, the Events Management (EM) module. EM will replace CUPE's current legacy Convention Registration system and eventually, the Conference system. Testing is to start later this year.

CUPEcloud

Over the past year, the CUPEcloud project has evolved considerably and continues to help CUPE move towards better information management practices overall. Consultations with staff for the purpose of developing a document retention schedule are now well underway with over thirty completed so far. In June, over 75 servicing representatives participated in educational sessions on the various CUPEcloud initiatives, One Drive for Business (OD4B) and O365 groups and these sessions were very well received.

A CUPEcloud survey was sent to all CUPE Staff in May. The survey results are being analyzed and will help provide us guidance on initiatives to be undertaken in 2019 to continue this important work.

The file cleanup exercise has been an important phase of the project up to now and the results are there to prove it; millions of irrelevant, outdated documents have been deleted from CUPE's various storage locations and most importantly, CUPE's information is being consolidated into CUPE supported locations.

IT Infrastructure & Operations

Migration of primary telephone numbers to Skype For Business continues and old telephone hardware is being removed across the country. New meeting room technology continues to be deployed including new Microsoft Surface Hubs and Polycom Treo speaker phones. These new

technologies will be replacing existing video conferencing systems and should prove much easier to use.

PROPERTIES AND LEASEHOLDS

We recently completed new leasehold improvements and moved into our new spaces in Barrie and Bathurst. The new space which meets our current updated standards is a great improvement over our previous offices and has been received very positively by our staff. The new space provides very beneficial impacts for our members.

We are in the process of development on several projects including leasehold improvements in Yarmouth, Trail, Winnipeg, Sherbrooke, as well as capital investment projects in Regina, Markham, National Office and other properties. This is the first year of our 15-year capital expenditure program designed to uphold the value of our real-estate portfolio, extend its useful life and ensure it continues to meet our operational requirements.

We have recently successfully negotiated a new lease in Yarmouth and are currently negotiating new leases and extensions in Sherbrooke, Lethbridge, Victoria and Medicine Hat. We are also starting to look at our options regarding our leases in Nanaimo, Prince Albert, Dalhousie, Peterborough, Pembroke, Timmins, Niagara, Calgary, Red Deer and Fort McMurray.

CONFERENCES AND EVENTS

We have been preparing for a busy fall season. During September and October, we will host a range of committee and branch meetings, including a Regional Directors' Meeting chaired by the new Managing Director of the Organizing and Regional Services Department, Sister Daria Ivanochko.

Preparations are in full swing for the 2018 Sector Council Conference being held at the Shaw Centre in Ottawa from November 5 to 8, 2018. Hotels are filling quickly, we encourage you to make your accommodation reservations soon. The Westin Ottawa Hotel is our Headquarter hotel for the conference and his also a delegate hotel with priority given to our attendees with mobility/accessibility needs as that is the closest hotel to the convention centre.

We currently have 549 members registered for the Sector Council Conference. The three sectors with the highest number of participants are the education sector with 175 members, the health sector with 157 members and municipal services with 122 members registered.

Now that everyone is back from vacation, we anticipate an increase in overall registration numbers leading up to the Sector Council Conference.

PENSION ADMINISTRATION

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

An actuarial valuation at January 1, 2018 was filed with government authorities and pursuant to the Ontario new funding rules for defined benefit pension plans, the contribution requirements of the CEPP will reduce in 2018 to reflect the result of the new valuation report. The employer contributions required will decrease from 14.35% to 12.2%.

The 2017 Report to Members and the Financial Statements Year ended December 31, 2017 are both available on the CEPP website at www.cepp.ca.

The 2017 pension annual statements were mailed to all active, retired and deferred plan members in June. Active plan members have access to their 2017 annual statements through the Plan's website for pension estimate purposes.

The pre-retirement seminar locations for this year have now been finalized. The seminars will take place in Montréal, Halifax, Toronto and Ottawa.

Retirements

Sister Nancy Rosenberg, Legal Branch – July 1, 2018

Sister Lise Gauvreau, Hull (Gatineau) Area Office – August 1, 2018

Sister Angela Scott, Alberta Regional Office – September 1, 2018

Brother Michael Latulippe, Quebec Regional Office – September 1, 2018

Sister Risa Pancer, Ontario Regional Office – September 1, 2018

Brother Toby Sanger, National Services Department – November 1, 2018

Sister Marie-Andrée Bourgouin, Human Resources Department – December 1, 2018

Sister Anne Gregory, Ontario Regional Office – January 1, 2019

Sister Shelly Gordon, Research, Job Evaluation, Health & Safety Branch – February 1, 2019

CONCLUSION

Serious challenges are taking place across the country. Some of these challenges are eroding our workplaces, jobs and the very fabric of our communities. We must remain mindful of our obligation to manage the financial resources of our great union in a prudent and responsible way, so that we continue to have the resources available for the campaigns and challenges ahead.

Respectfully submitted,



CHARLES FLEURY
National Secretary-Treasurer

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