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

Ottawa, Ontario

June 18-20, 2019

Dear Sisters, Brothers and Friends:

The first half of 2019 has been both challenging and exciting and you will see from my report that there are a significant number of advances being made at the National level.

One of CUPE National 's biggest milestones reached this year is our National Strike Fund reaching the one hundred-million-dollar mark. Our members can be assured that CUPE National has their back when they face tough bargaining fights.

Division Conventions 2019

With the 2019 Division Convention season now mostly finished, 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 to me at your conventions. The Manitoba Division convention was postponed until the fall due to the timing of the healthcare representation votes. I look forward to attending this final Division convention of 2019 taking place in September.

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 1,000 delegates where were able to discuss: the CUPE National Governance Task Force, the proposed changes to the Trial Process and the National Task Force on Staffing. CUPE faces many challenges in each of these areas but we received important input on each from the hundreds of delegates who participated in the discussions.

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



At the Division conventions, I was pleased to be able to report on:

- The budget allocations for 2019 including the seventeen new staff positions primarily dedicated to servicing our locals;
- Increased resources committed to campaigns promoting public service and resisting attacks by right wing governments;
- Enhanced support for locals facing restructuring votes in as governments attempt to divide the labour movement as unions fight to maintain members instead of building our density and organizing non-union workers;
- The National Task Force on Staffing recommendations including a renewed recruitment strategy for staff hiring in general and equity hiring in particular;
- The update on our Human Rights work across the country;
- Some significant advances that CUPE National has made in our ongoing efforts to improve our technology and support to locals.

It was clear in each Division Convention that CUPE members and leaders are fully engaged and committed to their work as trade union activists across the country.

Moving Forward – CUPE National Bargaining Conference

This year our National Bargaining conference was held in Saskatoon, Saskatchewan March 18 to 21. This was the first time a national event was held in Saskatoon. With over 700 members and staff in attendance, there was a very fertile environment for in-depth discussions and strategic discussions. We were fortunate to have enjoyed inspirational speakers from within CUPE as well as allies including a powerful presentation from Jeff Good, United Teachers of Los Angeles, a leader of the recent victorious teacher's strike in the USA. Delegates were also able to join Local 1975 in a march and demonstration at the University of Saskatoon supporting their fight to protect their pension plan.

The conference addressed the rising tide of right-wing governments taking aim at public sector workers with the accompanying increasingly aggressive moves from employers at the bargaining table. CUPE National's no concessions bargaining policy formed the foundation for the discussions and plenaries, with participants giving very positive feedback especially for the workshops on: Strategic Planning for Bargaining, Engaging Members, Campaigning to Win, and Winning Strikes.

Ontario Social Services Workers' Conference, Toronto

The theme for this year's annual social services conference was "*Whatever it Takes*" and I was proud to bring a message of solidarity to the dedicated activists who are leading the fight to protect the social services sector in the province. The sector is reeling as over 1 billion dollars has been ripped out of the sector while Ontario already had one of the lowest per capita spending on social services of any province in the country. In my remarks, I committed CUPE National's support to the sector as they fight privatization, mergers,

underfunding, rising precarity, uncertainty and dismantling of many of the services and organizations CUPE members have built over the past decades.

Ontario Municipal Employees Coordinating Committee Conference, Niagara Falls

Municipal sector delegates met in Niagara Falls for their annual conference with the theme "Putting Communities First". Many locals reported of the extensive challenges faced by the Ford government cuts and restructuring. In my remarks I committed CUPE national's support as they address the challenges facing the sector including the devastating cuts to public health, EMS restructuring, staffless libraries, costly privatization, restructuring and more forced amalgamations and other important issues.

Broadbent Institute, Ottawa, March 28-29

At the end of March, I was able to join over 1,200 progressives who met in Ottawa at the *Progress Summit* Broadbent Institute's annual event. This year's theme was "Ideas to Inspire. Tools to Win." This year's speakers took on the issue of how to tap into populism in order to use it for the good and how to stand against when it is a force that needs to be resisted. Our CUPE delegation attended dozens of workshops tackling some of the most relevant issues facing policy makers, organizers, politicians and community builders across Canada.

Ontario Council of Hospital Unions Convention, North Bay

Hundreds of OCHU delegates met in mid-April and I was pleased to be able to join them in North Bay. The convention delegates addressed the OCHU plan to respond to the relentless attacks on the healthcare system in the form of escalating cuts in funding, more restructuring and privatization, more mergers and representation votes. The convention also had cause for celebration as there have been significant successes in the recent rounds of representation votes with several thousand new workers becoming CUPE members. I brought the message that CUPE National will continue to stand with OCHU and is proud of the significant support we have dedicated to resourcing these representation votes.

Celebrating the 100th anniversary of the Winnipeg General Strike

Manitoba Federation of Labour hosted various events to commemorate the 100th anniversary of Winnipeg's historic general strike in 1919. I was able to attend the Celebration Gala and to be part of the commemoration of this monumental part of Canadian Labour history as the CLC Canadian Council meeting was scheduled in Winnipeg to allow unions to participate in the festivities.

I was particularly proud to learn that women led this strike as 12,000 of Winnipeg's telephone operators walked off the job and ignited the city-wide strike. Soon after most other unionized workers in the city joined them and 30,000 workers maintained a six-week strike. The fight was for fair wages, the right to join a union and to bargain collectively. The strikers even defied back legislation ordering them back to work and continued the strike.

Townhall on P3s, Corner Brook, Newfoundland

On one of the evenings during this year's Newfoundland and Labrador Division Convention, the Corner Brook community was invited to join CUPE delegates at a Townhall about the problems with Public-Private Partnerships. The NL Government has announced seven P3 projects over the past three years (three long-term care facilities, two hospitals, a penitentiary and an office building). Brother Mark and I addressed the Townhall to stress CUPE's commitment to fight P3s and the need for Transparency and Accountability legislation. CUPE Staff Angella McEwan and Govind Rao spoke about the problems with P3 projects in other provinces, and the concerns about waste of public dollars and worse patient care that will result due to contracting out. The Townhall was well covered by the provincial media and congratulations to the CUPE NL Division for making it a great success.

Western Municipal Conference

Last week I joined the delegates participating in the bi-annual Western Municipal Conference held this year in Kelowna British Columbia. This unique gathering provides an opportunity for municipal locals to meet to share challenges and strategies. This year some of the key discussions included:

- The importance of being involved in municipal elections and staying connected with politicians during their term of office;
- Fighting privatization and looking for opportunities to bring work back in house;
- Pushing back against the increase of precarious work and fighting for full time jobs for our members.

These were very dynamic and productive discussions. Especially as political landscapes shift sharply, there is great value in these types of strategy meetings.

Federation of Canadian Municipalities

Each year CUPE National participates in the FCM conference where we promote our union's municipal agenda. This year the conference was held in Québec City from May 30 to June 2 and I was pleased to attend as part of the CUPE delegation. The conference provides an opportunity to exchange views on shared priorities while connecting with municipal leaders and staff from hundreds of municipal governments from communities across the country.

This year, in addition to greeting hundreds of conference participants at our trade show booth, participation in panels and workshops and hosting a very well attended reception, CUPE presented a workshop highlighting the challenges caused by the affordable housing crisis in many Canadian municipalities highlighting some solutions to meeting these needs. CUPE's participation at this national conference ensures workers' voices are part of the national municipal conversation on infrastructure, trade, and protecting public services.

Public Services International

The PSI North America sub-regional meeting took place in Washington DC in April. PSI affiliates from Canada/Quebec and the US gathered for an annual meeting to discuss the current and common struggles we face, and how we are preparing to meet the challenges ahead. Discussion included the political landscape in the leadup to the 2020 US elections, the implications for unionization following the AFSCME vs. Janus ruling, the growing support for provincial conservative governments in Canada, and issues such as digitalization and the future of work in the public sector. We planned for the upcoming PSI Interamerican Regional Conference (IAMRECON) in Argentina later this month where I will lead CUPE's delegation.

This meeting was followed by the PSI North America Privatization Meeting where we discussed the human rights impact of privatization, in addition to emerging privatization struggles such as the privatization of prisons in the US. I shared CUPE's impressive list of privatization tools and research to support fightback campaigns and informed the gathering of our intention to monitor and influence the Canadian Government's effort to promote privatization in developing countries.

International Solidarity – Korean Trade Union Delegation

CUPE hosted a fourteen-member delegation of trade union leaders from the Korean Public Sector and Transport Workers Union (KPTU) in May. The purpose of the delegation was to learn more about CUPE's education and member facilitation program. I was pleased to provide greetings to the delegation and to facilitate an important exchange about the political context in Canada, the important role of the CUPE education department in providing member leadership training, and of CUPE National's efforts to prioritize leadership opportunities for young workers, and members from equality seeking groups.

CUPE National Audits

From all accounts the 2019 audit season was a busy one for Secretary-Treasurers and Trustees across the country. At CUPE National this was also the case. Our external auditors have conducted their extensive annual review of our finances and financial systems. Our CUPE National Trustees have also completed their annual audit. Both reports are presented at this June NEB meeting.

The annual notice has been sent to all chartered bodies reminding them that in order to remain bonded by CUPE National, the insurance company requires them to submit their Trustees' Report to my office by June 30 each year.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2019

General Fund

The total assets in the General Fund at March 31, 2019 were \$285.3 million compared to \$279.0 million at December 31, 2018 and \$277.7 million at March 31, 2018. The items of significance are discussed below.

The bank balance at March 31, 2019 was \$17.2 million down slightly from the bank balance at December 31, 2018 at \$17.9 million and down \$8.2 million from March 31, 2018. 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 remaining start-up funds for the OSBCU ELHT.

The total liabilities in the General Fund were \$228.7 million at March 31, 2019 up from \$223.6 million at December 31, 2018 and \$223.5 million at March 31, 2018.

The Employee Life and Health Trust for the OSBCU has now been established. Of the more than \$7 million start-up monies that CUPE has been managing, approximately \$1.0 million was spent on start-up costs, and a total of \$5.6 million has been transferred to the Trust. CUPE continues to hold back \$1.0 million of the original funds received until all final costs have been submitted. 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 final funds to the Trust.

The true liability for Employee Future Benefits as calculated by our Actuary at December 31, 2018 stood at \$205.1 million, in comparison to \$192.5 million at the end of 2017. The December 31, 2018 Balance Sheet has recorded a liability of \$150.7 million leaving an unrecorded gap of \$54.4 million at the end of 2018. In the first quarter of the year we recorded an additional \$7.1 million of the liability, bringing the total recorded liability as at March 31, 2019 to \$157.8 million.

The Fund Balance at March 31, 2019 is \$56.6 million of which a total of \$2.0 million is restricted as follows: Convention and National Events Assistance Fund, \$901,000 and Regional Building Fund, \$1,125,000. Of the remaining Fund Balance, we have invested \$71.7 million in fixed assets leaving a negative unrestricted balance of \$17.1 million. This means that all of the equity in the General Fund is spoken for either in terms of being allocated for a restricted purpose or tied up in fixed assets.

The preliminary operating surplus (before the provision for the Regional Building Fund) for the first quarter is \$1.2 million, as compared to a budgeted deficit of \$589,000.

Per Capita revenue is ahead of budget by \$857,517, and total revenue is over by \$5.3 million due primarily to an unrealized gain of \$4.6 million caused by a rebound in the financial markets since the sharp drop off at the end of 2018.

Salaries are under budget by \$580,000, current benefits are over budget by \$388,000 and future benefits, excluding the provision to add the unrealized investment gains to the liability, are under budget by \$75,000.

Cumulatively, the other operating expenses including Programs are approximately \$831,000 under budget. Below are some of the more significant items:

1. Strategic Directions is \$535,000 under budget.
2. Overall programs are \$245,000 under budget.
3. Fightback Fund is \$207,000 under budget.
4. Election Spending is \$129,000 under budget.
5. Operational Travel is now \$299,000 over budget.

National Defence Fund

As at March 31, 2019, we have \$15.2 million in Total Assets compared to \$14.4 million at December 31, 2018 and \$13.8 million at March 31, 2018. The cash balance at March 31, 2019 is \$1.2 million, up from \$280,000 at December 31, 2018. In addition, we have investments totalling \$12.2 million on the books at March 31, 2019, virtually unchanged from December 31, 2018.

Under Liabilities we have accounts payable and accrued liabilities of \$1.8 million at March 31, 2019 virtually unchanged from December 31, 2018. There is also \$8.6 million in cost-sharing campaigns' liability compared to \$8.1 million at the end of the previous year. Finally, there is a small liability owed to the General Fund at the end of this quarter.

At March 31, 2019 the Fund Balance was \$4.6 million, compared to \$4.4 million at December 31, 2018 and \$6.6 million at March 31, 2018.

Cost-shared campaigns approved by the National Executive Board in the first quarter of the year was \$1,810,474 with an annual budget of \$3.65 million. There was a recovery of \$591,137 in unused funds from prior years cost-shared campaigns that have been closed out during the this first quarter. Major Organizing expenses were \$1,240,196 against the annual budget of \$3.65 million. National Strategic Initiatives totalled \$610,372 against an annual budget of \$2.85 million. Spending on Regional Strategic Initiatives totalled \$174,802 with a budget for the year of \$2.325 million.

National Strike Fund

Total Assets in the National Strike Fund as of March 31, 2019 were \$106.3 million, compared to \$99.9 million at December 31, 2018, and \$97.8 million at March 31, 2018. These assets consisted of \$2.5 million in cash, \$1.9 million in per capita receivable and \$101.9 million in investments.

Under Liabilities we have accounts payable and accrued liabilities totalling \$117,000, down from \$360,000 in December 31, 2018 and \$468,000 at March 31, 2018.

At March 31, 2019 the Fund Balance was \$106.2 million, compared to \$99.5 million at December 31, 2018 and \$97.3 million at March 31, 2018.

Revenue into the Strike Fund, including investment income, was \$3.8 million at March 31, 2019 and expenditures totalled \$101,000 resulting in a surplus of \$3.7 million before taking into account unrealized investment gain of \$3.0 million.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 2118 – City of Mascouche, 130 members on rotating strike since February 12, 2019.
Local 1186 – University of Montréal, 17 members on strike since March 13, 2019.
Local 1505-06 – Wood Buffalo Housing and Development Corporation, 44 members locked out since May 13, 2019.

PER CAPITA ARREARS

For the quarter ended March 2019 the total arrears were \$7,689,196 which was a decrease of \$1,620,726 or 17.41% from the previous quarter ended December 2018. Total arrears have increased 26.93% as compared to March 2018.

INFORMATION TECHNOLOGY (IT) REPORT

In the second quarter of 2019, the IT Branch has been focused on readying the MRMS to support the 2019 CUPE Convention, planning for the replacement of CUPE's Per Capita system, upgrading CUPE's Financial and HR systems and lastly, continuing to move to stronger Information Management across CUPE via the CUPEcloud initiative.

MRMS

The next major MRMS release was implemented in the last week in May and is comprised mainly of the new Events Management (EM) module. EM will replace CUPE's current Convention Registration system.

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

Both ORS and the IT Development team are working with representatives in the Quebec Region to plan and assist them with their implementation of the MRMS as they migrate away from their Maurice System by the end of 2019.

The last Major MRMS release in 2019 is planned for the end of November and will complete the Events Management module by adding the ability to organize/manage conferences. Once this Release is operational, it will replace the existing, legacy Conference system.

CUPEcloud

The CUPEcloud project is moving along very well. The naming convention is being used more and more throughout the organization. Office 365 Groups are increasing in popularity, their uses vary considerably and include, for example, collaboration with CUPE's external members (i.e. National Committees), document repositories for Area Offices with no access to shared network drives or for special projects that require collaboration on project documents (i.e. National Convention).

Various presentations, one-on-one sessions with Information Leads (ILs) or other CUPE staff on Office 365 Groups/OneDrive for Business/Information Management are taking place on a regular basis.

Upcoming in June, educational sessions on the CUPEcloud project initiatives, OneDrive for Business and Office 365 Groups are being offered as part of the mandatory CUPE IT Day at staff training sessions delivered across the country to Servicing Representatives.

Per Capita Tax Replacement

In early 2019, the proposals for a replacement solution for the existing PCT application were reviewed, and a vendor selected. Work has begun on defining further details of the proposed solution and preparing a detailed plan to deliver the new system. A preliminary solution will be reviewed in late May.

An important requirement to be assessed is the introduction of payment on-line, which will enable CUPE to encourage locals to remit dues via on-line self-serve capabilities through the MRMS portal. This will also enable the payment of other fees on-line e.g. conference and convention registration fees.

Finance and HR Systems

Work is underway to upgrade the servers that house these two important systems and move them to the cloud; this move will have benefits to CUPE by adding and improving functionality of the systems, reducing operating costs as well as giving us a more comprehensive, built-in disaster recovery plan. Testing and final deployment will be completed by the end of third quarter 2019.

Concurrently, IT and HR are working closely to establish an approach and implementation plan for the introduction of an electronic leave request process, as well as an on-line job posting and application submission process for CUPE staff.

IT Infrastructure & Operations

CUPE IT is executing on a plan to improve and make consistent the IT infrastructure at all CUPE offices before the end of the summer. Offices will experience better networks, security and monitoring and management of those networks.

PROPERTIES AND LEASEHOLDS

We have successfully completed negotiations for new leases in Prince Albert, Calgary and Nanaimo. We will be moving into these new locations in 2019 following the completion of new leasehold improvement projects. We have also renewed existing leases in Fort McMurray, Dauphin, Niagara, Dalhousie and Pembroke.

Shortly, we will begin interior renovations at our existing property in Trail and are currently in the design phase for our new leased premises in Nanaimo, Prince Albert and Calgary. We are preparing for the fit out of the expansion space at the Ontario Regional Office in Markham, which will include building out space on the main floor to house the OSBCU. As part of our regular capital maintenance initiatives, we are also planning and carrying out various capital expenditure projects in Markham, National Office and other properties.

Following a flood incident at our Saskatoon office, we had to relocate our offices into temporary premises in order to properly perform flood remediation work. The affected areas are currently being reconstructed and should be ready by the end of June. The space was extensively tested by our environmental consultant following the completion of the removal and clean-up phase, and we can confirm that the remediation work was successful and that there is no mold growth or other complications from the flooding.

Regarding the relocation of the Regina office, I have received recommendations from our Director of Property Management and our Managing Director of Finance and Administration.

After careful review of the local real estate market, and a detailed analysis of the various strategies and opportunities available to CUPE, we have decided that in this market, purchasing is preferable to leasing. Over the next months we will proceed with this plan including the option to purchase land and build our own building.

We are also actively looking for rental opportunities to open a new office in Yorkton, Saskatchewan.

As is now the case with all new fit ups, all new offices will reflect CUPE's collaborative space concept design. We will be working closely with our designers and management team to create a new modern, state-of-the-art and respectful work environment.

CONFERENCES AND EVENTS

The CUPE Bargaining Conference held at TCU Place in Saskatoon, was a successful event. CUPE was pleased to hold a national event in Saskatoon for the first time. In addition to our workshops that were very well attended, the plenary sessions which took place in the iconic Sid Buckwold Theatre offered our members a grand theatre setting for the large group gatherings. A total of 556 members were in attendance, along with approximately 140 staff, NEB members and speakers.

Immediately following the Bargaining Conference, moved into convention mode – as we are busy preparing for our 28th Biennial CUPE Convention taking place in Montréal at the Palais des congrès de Montréal, October 7 to October 11, 2019. The Advance Notice for the 2019 National Convention went live on the cupe.ca website and locals were emailed an electronic copy on April 10. Since then, our locals and staff have been busy booking their hotel rooms and making their travel arrangements.

CUPE will be conducting an accessibility site audit the week of July 22. In attendance with two of our senior staff will be two members of our National Persons with Disabilities Committee. This audit will allow our committee members the opportunity to visit the convention centre and hotels and provide valuable feedback to the venues about how they can make their buildings more accessible and provide comments on what they are doing right.

The Official Call and credentials forms will be sent out electronically to our CUPE locals and will go live on July 9, 2019. Once again, we look forward to a successful and highly anticipated convention in Montréal.

CUPE National continues to organize its usual committee meetings, branch meetings and training sessions. We are working very hard at the national office to ensure that the 2019 CUPE Convention and all our national meetings are a huge success.

PENSION ADMINISTRATION

The January 1, 2019 actuarial valuation process was completed in April. At the April JBT meeting, the Board has agreed not to file the report with the Regulators. The next actuarial valuation report that will need to be filed is at January 1, 2021.

The retirees' monthly pension benefits payable on June 1, 2019, reflected the applicable indexation rate (1.99% or proportionately for those who retired during 2018) and included a retroactive adjustment for the period from January 1 to May 31, 2019. A letter with indexation details was sent to all retired members in May.

The Board of Trustees has held its JBT meeting June 4-5, to discuss ongoing issues and activities of the pension plan.

The auditors of the CUPE Employees' Pension Plan have completed the 2018 Pension Fund audit and the 2018 Financial Statements will be filed with the Regulators in June.

The spring edition of the CEPP newsletter "Pension Connection" is available on the CEPP website.

The Pension Plan staff is currently working on the preparation of the 2018 Pension Plan Annual Statements for all plan members. Active plan members will also have access to their 2018 annual statements through the Plan's website at www.cepp.ca for pension estimate purposes.

Retirements

Brother Peter Allibone, Medicine Hat Area Office – June 1, 2019
Sister Cheryl L. Stadnichuk, Saskatchewan Regional Office – June 1, 2019
Sister Gina Gignac, Ontario Regional Office – June 1, 2019
Sister Patty Brockman, Saskatchewan Regional Office – July 1, 2019
Brother Dennis Burke, National President's Office – July 1, 2019
Brother Jean-Charles Lavigne, Ontario Regional Office – July 1, 2019
Sister Charlotte M. Monardo, Peterborough Area Office – January 1, 2020

CONCLUSION

Upon completion of the audit season at CUPE National, we take the opportunity to affirm our financial systems and financial health. A similar process takes place in each of our chartered bodies across the country.

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 in place, we will continue our work representing our members and building a better future for all.

Over the next months, many of us will have the opportunity to participate in the 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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