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**NATIONAL SECRETARY-TREASURER'S REPORT  
TO THE  
NATIONAL EXECUTIVE BOARD  
Ottawa, Ontario  
March 21-22, 2018**

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Dear Sisters, Brothers and Friends:

***Division Conventions***

This year, we began the cross-country tour of Division conventions in Saskatoon at the Saskatchewan Division convention where I addressed the delegates on March 8, International Women's Day. This was a fitting way to begin the Division Conventions this year, as CUPE remains at the forefront of the struggle for women's equality in Canada and abroad.

At the Saskatchewan convention delegates tackled challenging issues such as reconciliation with indigenous peoples, government restructuring, fair taxation, violence in the workplace, pharmacare, anti-racism, youth justice and other pressing issues.

This year the theme of the Alberta Division Convention was *Gaining Momentum*. While meeting March 14-16 in Grand Prairie, Alberta, a wide range of issues were dealt with and all delegates were challenged to participate in the preparation for the upcoming provincial election next year. Preparation is already well under way, by CUPE Alberta, various Locals and with solid CUPE National support.

***Budget***

CUPE's finances remain stable and secure and are now looking better than at this time last year and in fact, better than the last number of years. We've weathered challenging representation votes, emerged stronger and are now finally anticipating slightly stronger revenue growth after many years of pervasive austerity and declining revenue growth.

**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



CUPE has come through some very difficult times in recent years. During this time, we managed our finances very carefully and “lived within our means”. Because of these sound decisions, CUPE is in the fortunate position of now being able to apply all of our surplus directly to additional staff positions and other priority areas of our work.

Thanks to excellent organizing work by CUPE staff in Quebec, we gained over 3,700 members through restructuring representation votes in the province instead of losing up to 10,000, as we had cautiously assumed in the revenue projections for 2017. CUPE is also welcoming another 1,000 members from organizing municipal workers in Gatineau, Quebec, and others in the region, as well as thousands of members joining CUPE through new organizing and successful representation votes across the country.

As a result, and thanks to organizing activities and stronger membership and wage growth, particularly in Quebec, Ontario and British Columbia, our per capita revenues for 2017 were higher than we budgeted last year.

After extensive consultations with NEB members and senior staff from each region of the country, as well as with Managing Directors of each national department, the 2018 budget was developed and presented to the December NEB meeting for approval.

And I am extremely proud to say this year, our General Fund budget includes the highest number of new staff positions CUPE has announced in decades. In addition to the eleven positions we made permanent in September, this year, the NEB approved eighteen new staff positions. We looked at where servicing demands were the highest and posted the new jobs: thirteen permanent and five temporary positions to address short-term needs.

In addition, two clerical positions were increased from part-time to full-time. This is much better than last year when we could only announce one new position across the whole country.

We also made a significant increase to our Trainee Rep Program budget line and for our Staff Training and Mentoring support.

The General Fund budget also made significant increases in the areas, of: Legal and Arbitration funding, Research and Health and Safety, the Election Budget, Strengthening Division funding, Member Facilitator training.

Our National Defence Fund Budget has increases for Cost-shared campaigns, new Organizing as well as restructuring votes, Strategic Directions budget for National and Regional Priorities. This funding also covers the new staff and member organizing positions in the region as well as campaign support.

### ***CUPE National Taskforce on Staffing***

At national convention, I committed to set up a Taskforce on Staffing. This Taskforce is comprised of NEB members and some senior staff, and begins meeting in April.

We will investigate the new realities facing our locals and chartered bodies and look at how we can better support our new bargaining structures and the needs of our locals. For example, as more locals merge into provincial structures, are the servicing needs different?

The Taskforce will review how servicing assignments are determined taking into consideration how to balance competing servicing demands such as: vast geographic areas, many very small locals, multiple sectors, locals with Collective Agreements expiring at the same time and other factors.

An addition, we will look into the supports available for our Staff Representatives facing the emerging needs. We will consider both Servicing and Specialists Representatives and how staff can work together as a team to support these new bargaining structures.

Locals of varying sizes will be interviewed to get their perspective on these questions. We will make recommendations on how we allocate new staff positions in the future and how we can develop an updated servicing approach. The results of this Taskforce will be very important and we will report back to the National Executive Board in time for the budget consultations this fall.

### ***Staffing***

During January and February, as I do each year, I travelled to each region to attend the annual regional staff meetings. We begin the year with the staff meetings which provide an opportunity to hear directly from our staff on the issues and challenges CUPE faces across the country. There definitely are many new staff at the staff meetings, due to the increase in staff positions and the high number of retirements, I also saw a renewed energy and optimism to take on the challenges we face.

### ***Regional Events***

#### ***CUPE Ontario Secretary-Treasurers' Conference***

One of my favorite events to attend is the bi-annual Ontario Division Financial Officers' conference. This January, over 300 delegates come together to share experiences and to learn updated information to assist them in their critical role of managing the finances and the administrative aspects of our union. This is especially important as locals develop their strategic plans for bargaining and prepare to face the other challenges ahead.

#### ***Alberta All Presidents' meeting***

Each year in February, leaders from CUPE Alberta and Alberta locals meet to report on their issues across sectors as well as to strategize about the year ahead. This year I addressed the meeting focusing my message on emphasizing the importance of ramping up CUPE's involvement in politics and activating our members. My message was clear – CUPE National is there to support these efforts.

#### ***Ontario Council of Hospital Unions***

In early February I attended one of a series of OCHU rallies calling for increased hospital funding, a fair contract for hospital workers including an end to complacency on violence at work. Hundreds of CUPE activists boarded busses and came from all across the province to Lakeview Hospital in Oshawa to stand together in solidarity. Allies from the Ontario Health Coalition, patients and family members also joined the action.

### ***Meeting with Local 429, Montréal***

In February I met with the newly elected Executive Board of CUPE Local 429 in the City of Montréal. It is always beneficial to meet with the new local leadership, to review how CUPE National can support locals as they set their priorities and strategic plans for the future.

### ***CUPE Local 79, City of Toronto Inside Workers***

I was very glad to join President Mark Hancock to meet with the newly elected Executive Board of CUPE's largest union local, representing over 20,000 members working for the inside units, City of Toronto and Bridgeport Hospital. The local is continuing to intensify member to member contact and is gearing up for contract negotiations and municipal elections in the fall.

### ***Manitoba***

Faced with attacks from their provincial government including upcoming representation votes in healthcare, twenty CUPE healthcare locals took charge of the situation and merged into one unified local. The new CUPE Local 204 was formed and represents 7000 members working in a range of healthcare facilities such as hospitals, long term care facilities, and others located mostly in the Winnipeg area. In February I was able to meet with staff and CUPE Manitoba Division to get an update on the progress of the upcoming provincial campaign plans. At this Board meeting we will be reviewing several significant cost share campaigns to support the Manitoba healthcare sector.

### ***Saskatchewan***

Over the past year, the five CUPE health care locals in Saskatchewan representing over 13,000 CUPE members, have been building a new province wide local. I was honoured to attend the founding convention of the newly formed Local 5430 last fall. This March, I was able to meet with the local Executive to discuss upcoming campaign planning as they are currently in very difficult bargaining and at the same time, anticipating the start of government imposed representation votes in the sector, where unions will likely be facing run-off votes against each other, instead of working together to improve healthcare for all.

### ***All Committees Meeting: CUPE National Committees***

I was honoured to attend the bi-annual meeting which takes place after National convention and gathers the newly appointed National Committees, NEB liaisons and Staff Advisors. This year over two hundred and seventy-five members and staff participated in these important meetings. This is an important gathering where the National Committees, guided by the Strategic Directions document adopted at National Convention, plan their priorities for the next two years. CUPE is stronger as a result of their work.

### ***National Executive Board Retreat***

In February the in NEB met for two days in Montreal where we took time outside the rigors of a formal Board meeting to delve into three main aspects of the challenges facing CUPE as we begin the new year: The Canadian Labour Congress, the Taskforce on Governance and the Taskforce on Staffing.

The meeting gave the NEB members time to consider these important projects and challenges which have become priorities for 2018. The NEB also continued the CUPE National Convention debrief with continued discussion on improving our national convention.

### ***Canadian Labour Congress***

This is a time of great upheaval and very regrettable division in the Canadian Labour Congress and throughout the labour movement more widely. As CUPE is always at the forefront of the Canadian labour movement, so must we continue to take our place at every level of our labour movement.

## **FINANCIAL STATEMENTS FOR THE QUARTER ENDED DECEMBER 31, 2017**

### ***General Fund***

The total assets in the General Fund at December 31, 2017 were \$279.5 million compared to \$272.2 million at September 30, 2017 and \$235.1 million at December 31, 2016. The items of significance are discussed below.

The bank balance at December 31, 2017 was \$26.7 million compared to \$30.4 million at September 30, 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, OSBCC liability, property management and the Regional Building Fund.

The total liabilities in the General Fund were \$220.3 million at December 31, 2017 compared to \$181.6 million in the prior year.

As I write this report, the contract to initiate the Employee Life and Health Trust for the OSBCC is in the final stages of completion. Of the \$7 million start up monies CUPE has been managing, we expect to have close to \$6 million unspent and available to be transferred into the Trust very shortly. 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.

A change in accounting practice around the treatment of unrealized gains and losses was made in 2017 and is reflected in these quarter end internal financial statements. This change was accounted for retroactively to 2006 when the investment account for the Employee Future Benefit funds was first created. All unrealized gains (or losses) are now being shown in the Revenue section of the Income Statement instead of being shown after the Operating Surplus/Deficit as they were before. In addition, because these gains (or losses) are generated entirely from the investment account which holds the funds to pay the employee future benefit liabilities, the gains (losses) are now being added to (deducted from) the liability instead of being left as part of the ending Fund Balance. For these preliminary financial statements, the total impact has been to increase the recorded liability for Employee Future Benefits by \$13.5 million, bringing us that much closer to the goal to record the full amount of the liability in our books. The recorded liability now stands at \$134.7 million.

The Fund Balance (adjusted for the prior year restatement of unrealized gains) at December 31, 2017 is \$59.3 million of which a total of \$1.2 million is restricted for the Convention and National Events Assistance Fund and the Regional Building Fund. Of the remaining Fund Balance, we have invested \$62.8 million in assets leaving an unrestricted balance of negative \$4.7 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 year is \$5.8 million, as compared to a budgeted surplus of \$751,000.

Total revenue is over budget by \$6.0 million in aggregate. Per Capita revenue is ahead of budget by \$2.7 million and investment income is over \$4.2 million in total. Realized investment income is \$1.2 million over budget. In addition, due to the change in accounting practice described above, we are now showing unrealized gains as part of the revenue budget. Unrealized gains for 2017 were just over \$2 million. This amount is never budgeted in advance of course due to the inability to predict the markets into the future.

Overall salaries and benefits are over budget by \$4,565,894 in aggregate, with salaries coming in over budget by \$37,175, current benefits over budget by \$1,108,748 and future benefits over budget by \$3,419,972. Directors and Representatives salaries are under budget by 0.3% (\$157,598). Administrative and Technical Salaries are 0.9% (\$89,084) under budget and Clerical salaries are over by 0.2% (\$28,896). Vacation relief is over budget by 16.8% (\$252,703) for the year 2017.

In aggregate, the other operating expenses are approximately \$3.6 million under budget. Below are some of the more significant items:

1. Strategic Directions, Fightback Fund and the Fairness project are \$1.6 million under budget in aggregate.
2. Office Expenses are \$464,000 underspent. We are watching closely to see if this trend continues as we believe it is as a result of the emphasis on environmental awareness that we have been communicating around printing and photocopying.
3. Fixed Staffing continues to run under with costs at \$452,000 below budget. This budget line has been underspent for a number of years now and was carefully reviewed and the budget has been reduced with funds being reallocated elsewhere where they are needed.

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

As at December 31, 2017, we have \$14.0 million in Total Assets compared to \$14.2 million at September 30, 2017 and \$16.3 million at December 31, 2016. The cash balance at December 31, 2017 is \$1.3 million compared to \$2.8 million at September 30, 2017. In addition, we have investments totalling \$10.8 million on the books at December 31, 2017, up \$1.1 million from the prior year.

Under Liabilities we have accounts payable and accrued liabilities of \$2.1 million compared to \$408,000 at September 30, 2017. There is also \$5.6 million in cost-sharing campaigns'

liability, down from \$5.7 million at the end of the previous quarter. Finally, there is \$172,000 owed to the General Fund at the end of December.

Cost-shared campaigns approved by the National Executive Board in 2017 totalled \$4,046,397 against an annual budget of \$3.3 million. However, there were \$922,000 in unused funds from prior years campaigns that were closed out. Major Organizing expenses were \$4,981,865, which is significantly over budget due to the increased organizing activities across the country including unprecedented representation vote in Quebec's healthcare sector while National Strategic Initiatives totalled \$2,132,332. Spending on Regional Strategic Initiatives totalled \$1,880,118.

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

Total Assets in the National Strike Fund as of December 31, 2017 were \$99.3 million, as compared to \$95.3 million as at September 30, 2017, and \$95.0 million as at December 31, 2016. These assets consisted of \$3.3 million in cash, \$1.9 million in per capita receivable and \$94.0 million in investments.

Under Liabilities we have accounts payable and accrued liabilities as well as a payable to the General Fund totalling \$236,000, up from \$23,000 in September 30, 2017.

At December 31, 2017 the Fund Balance was \$99.1 million, up from \$95.3 million in September 30, 2017 and \$94.7 million at December 31, 2016.

Revenue into the Strike Fund, including investment income, was \$14.2 million as at December 31, 2017 and expenditures totalled \$9.6 million resulting in a net surplus for the year of \$4.6 million, before taking into account unrealized investment gains of \$247,752.

### **STRIKES, LOCKOUTS AND SETTLEMENTS**

Local 5317 – Viterra Inc., 51 members picketing since January 30, 2018.

Local 3903 – York University, 3,000 members on strike as of March 5, 2018.

Local 2424 – Carleton University, 900 members on strike as of March 5, 2018.

### **PER CAPITA ARREARS**

For the quarter ended December 2017 the total arrears were \$7,892,241 which was an increase of \$1,113,018 or 16.42% from the previous quarter ended September 2017. Total arrears have increased 17.84% as compared to December 2016.

## **INFORMATION TECHNOLOGY (IT) REPORT**

The Information Management/Information Technology (IMIT) strategy and plan continues to progress with oversight by the IMIT Steering Committee. In the upcoming months, the IT Branch's primary focus will be on the following: implementation of the new automated Expense Statement System, launching new releases of the Member Relationship Management System (MRMS), continuing to move to stronger Information Management across CUPE via the CUPEcloud, and further enhancements of CUPE's IT infrastructure for staff.

### ***The Member Relationship Management System (Mrms)***

The major highlight from the MRMS release in Dec 2017, was the new Education module enhancements which included the ability to schedule workshops and schools across the regions, improved on-line registration, centralized tracking of participation, preparing and sending of certificates and enhanced reporting.

By the end of 2018, MRMS will have expanded its family to include the new Events Management module to manage and maintain key aspects of CUPE's Convention and Conferences all from one place.

### ***IT Infrastructure:***

#### ***Operations***

Building on the rollout of the Skype For Business with telephone capability at CUPE National, the ORO and BCRO, CUPE IT will continue with its roll out Skype for Business all other Regional Offices in March and all Area Offices in April/May. The target is to have all offices (except for those in Saskatchewan where our phone systems are with SaskTel) fully converted to Skype for Business by May 2018 and legacy phone systems removed by end of June 2018. The potential cost savings expected with this move is significant as it will mean an end to investing in expensive telephone systems and opportunities for reduced travel costs and increased levels of staff collaboration.

## **PROPERTIES AND LEASEHOLDS**

In our AIFTQ property in Sherbrooke, structural concerns have made the property uninhabitable which caused us to move our offices to temporary accommodations in 2016. The AIFTQ has now reached a settlement agreement with the contractor that built the property. The deal, which became effective early May 2017, included selling the property back in its existing condition to the contractor at a cost of \$3.2 million, with a potential for an additional \$800 000 depending on how successful the contractor will be in its on-going lawsuits with its sub-contractors. Also, Desjardins will relieve the AIFTQ of the balance of the mortgage (\$1.4 million) for a one payment of \$439,200. CUPE's share in this property was approximately 16%.

We are currently occupying temporary space in Sherbrooke while actively looking for new more permanent premises.



## **CONFERENCES AND EVENTS**

The first significant national event of the year occurred when 275 members and staff gathered in Ottawa for the All Committees' Meeting. This meeting of National Committees included CUPE's eighteenth and newest National Committee, the National Transportation Committee, and brings The Committees together to meet, plan and strategize on key issues affecting our membership across the country.

The All Committees' Meeting will take place at the Shaw Centre in Ottawa on March 5 to March 7, 2018 with committee members and out-of-town staff staying at the Westin Ottawa Hotel and Les Suites Hotel.

While preparing for the All Committees' Meeting in March, we continued to plan meetings taking place this year including several branch meetings, trainee rep program meetings as well as conference calls and meetings for our National Executive Board and Committee.

## **TRAINING AND DEVELOPMENT**

### ***Local Executive Training (LET)***

LET workshops are being well received across the country – bringing Executives and Executive members the training and development they need – when they need it. Along with existing workshops like Parliamentary Procedure, Financial Officers, Recording Secretaries, and Strategic Planning, LET's new workshops include: Leadership, Leading as a Team, and Conflict-Ready Executives.

### ***National Training Programs***

In December, UDD trained selected members and staff in Mental Health Facilitator Training in Toronto and Ombudsperson Training in Ottawa. In January, we recruited and trained 24 new member facilitators in British Columbia.

### ***MRM-ED***

CUPE's entire member education program is now on-line. Members can now see and register for CUPE workshops on cupe.ca. Registration, attendance forms, generation of certificates and tracking of workshops and participants is now all organized in MRM-ED. All workshop materials are also on-line. This is helping us keep our workshop material organized and accessible. It also supports our plans to produce and distribute workshop materials in the regions, instead of the national office.

All UDD staff have been trained in the new system. The IT team is providing ongoing training and support while staff become familiar with the new platform. Improvements continue to be made as more people use the system for their day to day work.

## **PENSION ADMINISTRATION**

Effective January 1, 2018, I became the Chair of the Joint Board of Trustees and Brother Brian Edgecombe became the Vice-Chair.

The following CUPE trustees/alternate trustees were recently appointed:

- Sister Candace Rennick, formerly CUPE Alternate Trustee, replacing Brother Jim Costescu;
- Sister Sherry Hillier, CUPE Alternate Trustee, replacing Sister Candace Rennick.

I would like to take this opportunity to thank Brother Jim Costescu for the 20 years of contributions he has made to the Plan. Brother Jim has served on the JBT since the inception of the Trust in 1998 and continued to act as CUPE Trustee passed his retirement. I wish him the very best for the future.

The Joint Board of Trustees will have its first meeting of the year on April 11. The Trustees will discuss, amongst other things, the preliminary valuation results at January 1, 2018, as well as the Ontario government new funding rules for single employer defined benefit pension plans and the implications/changes that this will have on the CEPP.

The Plan's performance did well in 2017 with a gross rate of return of 7.22% and total assets of over \$793 million.

Preparations are underway for the 2017 Pension Fund Audit.

### ***Retirements***

Sister Paula J. Raposo, Manitoba Regional Office – January 1, 2018  
Brother David W. Michor, Ontario Regional Office – February 1, 2018  
Sister Lucie L DesRosiers, Saguenay Area Office – February 1, 2018  
Brother Robin K Jones, B.C. Regional Office – April 1, 2018  
Sister Louise Fiset, Quebec Area Office – April 1, 2018  
Sister Susan Zander, B.C. Regional Office – May 1, 2018  
Sister Francine Bélanger, National President's Office – June 1, 2018  
Sister Janet Kuchta, Manitoba Regional Office – June 1, 2018  
Sister Patricia M. DeLeskie, Sydney Area Office – June 1, 2018  
Sister Deborah Hirdes, Kitchener Area Office – July 1, 2018  
Sister Carol Fergusson, Atlantic Regional Office – August 1, 2018  
Sister Pierrette Perras, Human Resources Department – April 1, 2019  
Sister Mary Lyn Thrasher, Human Resources Department – April 1, 2019  
Sister Gwen Hewitt, Organizing & Regional Services Department – March 1, 2020

## CONCLUSION

As we face strikes, continued pension attacks, restructuring and privatization across the country, it is reassuring to know that we are on solid financial footing. All CUPE locals and members who find themselves under attack will have the financial backing as they take on the struggles before them.

I look forward to attending the remaining Division conventions and many regional and local events scheduled over the coming months. See you at your Division Conventions!

Respectfully submitted,



CHARLES FLEURY  
National Secretary-Treasurer

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