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Syndicat canadien de la fonction publique

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

Ottawa, Ontario
December 10 - 11, 2014

Sisters and Brothers:

So much has happened since our last Executive Board meeting in September. Our Union is at the forefront of many struggles and challenges each day and every day.

Recent revelations and allegations of sexual harassment on Parliament Hill, and the sexual assault charges related to the CBC, have shaken the country. We continue to push for stronger laws and procedures for our workplaces. We also hope that the national discussion will wake us up to the reality that women still face every day.

In CUPE, we fight for an end to violence against women and girls – and we will continue to give financial support to the various CUPE Committees and community organizations who organize December 6th events to commemorate the National Day of Remembrance and Action on Violence Against Women. On this day especially, we observe the anniversary of the 1989 Ecole Polytechnique massacre and work for an end to all forms of domestic, physical and sexual violence. More recently, CUPE's commitment has been to support the Sisters in Spirit initiative of the Native Women's Association of Canada and other coalitions bringing justice to the missing and murdered aboriginal women and girls in our country.

CUPE National joined the Ottawa *Light the Night Against Violence* campaign - where local community groups and business light up windows and storefronts. In our case, the CUPE National building was lit in purple as a symbol of resistance of violence against women. Our National building became a beacon of hope and inspiration in a new way this December.

In October our nation was rocked by the violent attacks against Corporal Nathan Cirillo, killed at the War Memorial, against our parliament and politicians and the staff on the hill, as well as against Warrant Officer Patrice Vincent, who was run down in Montreal.

These events were unthinkable. In this trauma, we also saw the bravery of CUPE members. In Ottawa our EMS members tried to help Corporal Cirillo and our hospital members cared for the injured. CUPE municipal members coordinated the emergency response while school board members locked down schools and comforted the affected

PAUL MOIST – National President / Président national **CHARLES FLEURY** – National Secretary-Treasurer / Secrétaire-trésorier national

FRED HAHN – DANIEL LÉGÈRE – LUCIE LEVASSEUR – KELLY MOIST – MARLE ROBERTS – General Vice-Presidents / Vice-présidences générales

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children. Hundreds of members remained under lock down for many hours during the crisis.

As our NDP leader Thomas Mulcair said "these events were driven by hatred but also designed to make us hate." We have witnessed the resolve of our members throughout these events and we know that CUPE members will always serve, respond, and support our communities - and - we will NOT hate while we do so.

Bargaining Support

The environment that we bargain within is getting tougher. We all know that there are many forces working against us. We live it every day and this impacts us at our bargaining tables. We know that we are facing anti-union legislation. The Harper government is once again attempting to get the Senate to pass Bill C377 – the bill that goes after union financial disclosure as well as Bill C525, the bill that makes it harder to join a union under the federal labour code. Provincial governments and regulators are changing the rules of the game as well.

This fall, yet again, CUPE members came together in unprecedented ways to strategize, build solidarity and to support each other as we face tougher times at our bargaining tables and with our pensions. Over the past weeks I have been able to spend time with CUPE members in New Brunswick, Nova Scotia, Quebec, northern and southern Ontario, Ottawa and British Columbia. CUPE members are taking up countless challenges in a strategic and energized way.

General Fund Update

A review of the General Fund report below indicates that our per capita revenue as of September is very close to our projection and is 0.8% more than was budgeted. Our total revenue is over budget by 1.8%.

This slight increase in revenue will assist us in covering the expenses that are over budget by approximately the same amount. All budget overruns continue to be carefully examined in an effort to bring this year's spending in line with the budget.

Strike and Essential Services Support

For the first time in our history our National Strike Fund has reached over 80 million dollars. So far this year, we have paid out over 9 million dollars in Strike pay. Most of those funds went to BC CUPE members who stood in solidarity with the teachers strike and who refused to cross their picket lines. And of course, we will continue to support the CUPE members of Local 608 at Naramata who have been on strike since May 2014. We will do the same for each and every CUPE Local who finds themselves on a picket line.

During this quarter we have been able to make significant contributions to Strike Averting campaigns which support locals to mobilize our members as well as heading off the austerity agenda of many of our employers.

Community Support

A review of cost-share and other financial requests show that CUPE Locals, District Councils and Regions are making a concerted effort to increase our visibility and participation in our communities. It is also heartening to see the efforts that are being made across the country at this time of the year in particular. Many in CUPE are making significant contributions to their communities and to those in the most need, while also fighting to eradicate the root causes of poverty.

National Sector Conference

1200 CUPE delegates attended the historic National Sector conference in early October in Toronto. The event was the first of its kind in our history. I had the chance to go to each of the eleven (11) different sector meetings over the course of the three days and if there is one thing I can say, it is this: CUPE members and staff are very dedicated and understand the issues and attacks that we are facing in our workplaces and communities.

Guest speaker AFSCME President Lee Saunders reminded us that these attacks are the biggest that most of us in the labour movement have witnessed in our lifetime. Saunders described them as attacks on our very existence and called on us to: remember our values, reach back to bring up those who are behind us, activate our members by going back to basics, and to always find ways to reenergise ourselves and our movement.

Politics Matters

This fall has been a very busy election season. We are extremely proud that thousands of CUPE activists across the country got involved in the provincial in New Brunswick and in municipal elections in Manitoba, Ontario, Prince Edward Island and British Columbia. Almost three dozen CUPE members ran for political office this year; we are very proud of them all. We are still processing the requests from across the country for the CUPE National contribution of $750 towards each of these members' campaigns.

In the budget proposed for 2015 you will see that we have dedicated significant resources to engaging our members in the political process as well as building support for our key campaigns - Healthcare, Childcare, Improving Retirement Security and Good Jobs. On our recent All President's conference call, 79% of you committed to bring members to participate in CUPE sponsored election readiness training in 2015. These preparations are well underway.

At our last convention the CUPE delegates gave us the mandate not just to work to defeat Harper, but also to work to elect Canada's first federal New Democrat government. We cannot forget that as well as many other anti-worker moves, the Liberals raided the Employment Insurance fund, cut transfers to the provinces and were mired in corruption.

Yes Brothers and Sisters, when the federal election comes around in 2015, each of us will get out to vote, but we will also make sure our friends, family and colleagues do the same. We must act together to make a difference in this upcoming election.

Preparing for Budget 2015

Over the past month I have conducted an extensive budget consultation process across the country. I began this process with a commitment to the principle of developing a budget that meets all of our needs in a fair and transparent way. As we know, CUPE's financial growth is slowing down due to wage restraints and attrition. Although our revenue increases are more limited than at other times in our history, we are on a solid financial foundation that we will safeguard by working within our means. The budget and the financial statements that I will present at the National Executive Board reflect this commitment.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

General Fund

The total assets in the General Fund at September 30, 2014 were $191.9 million compared to $187.4 million at June 30, 2014 and $183.7 million at December 31, 2013. The bank balance at September 30, 2014 was $10.3 million compared to $8.0 million at June 30, 2014 and $10.2 million at December 31, 2013. The bank balance includes various internal cash reserves for the 2015 convention, a property management reserve, the Regional Building Fund, retirement payouts and future benefit funding.

Fixed assets have remained relatively static during the quarter. The building envelope replacement work on the Ontario Regional Office is now complete. Invoices are still being processed and the project will come in on budget. Additionally, we have undertaken to replace our computer equipment through the upgrade of laptops and desktops older than three years and we continue to make progress on the development of various technology software programs which are of a capital nature. The project to develop and implement an Electronic Document and Records Management System is progressing, as is the project to upgrade the LUIS (Local Union Information System) system.

The total liabilities in the General Fund were $136.5 million at September 30, 2014, in comparison to $131.8 million as at the previous quarter-end.

In the 2010 budget an increase to the annual provision for the liability for Employee Future Benefits was approved, in keeping with our goals to eventually fully record the liability on the face of our Balance Sheet. This provision is set at $7,080,000 for 2014 and will increase by a further $900,000 each year moving forward. As of the December 31, 2013 Audited Financial Statements, there was still a gap of $178.0 million between the actual liability and what we have recorded in these financial statements. As presented at the December 2013 meeting of the National Executive Board, as long as we continue to budget this expenditure based on the Roadmap and providing that the actual annual costs

come in line as projected by the Actuary, the gap between the actual liability and the recorded liability should remain relatively constant for the foreseeable future. As at September 30, 2014 our Balance Sheet reflected $79.8 million of this liability, an increase of $3.0 million over the previous quarter.

The Fund Balance at September 30, 2014 is $55.4 million of which a total of $3.6 million is restricted as follows: Convention and National Events Assistance Fund ($1,092,376) and the Regional Building Fund balance is $2.5 million. The Restricted Fightback Fund has now been fully depleted. Of the remaining Fund Balance, we have invested $53.3 million in fixed assets leaving a negative unrestricted balance of $1.4 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 and Unrealized Gain on Investments) for the year to date is $741,000. Per Capita revenue is over budget by $1.1 million and total revenue is over $2.5 million due to investment earnings. Total Expenses are over budget by $1.8 million.

Below are some of the more significant items.

1. The Strategic Directions is $959,000 under budget at the end of the third quarter of the year due to the time lag in receiving invoices from across the country. Work in this area continues.

2. Election spending is $200,000 under budget for the year to date due to the timing of elections expected to take place during the year.

3. Office expenses are $161,000 under budget for the year.

4. Work continues on the CUPE Fairness Project. At the end of the third quarter, spending sits at $134,000 over budget as the remittance of the CLC special levy was paid on June 1st.

5. Under Union Development, Staff Development is $195,000 over budget.

6. The Fightback Fund is over spent year to date by $223,000 due to pending reimbursements from other unions sharing the cost of the Fightback campaign in Québec.

7. Operational Travel is over budget by $256,000 due to the volume of travel undertaken by staff during the year, particularly for the attendance at staff meetings and Division Conventions.

8. National Committees is $299,000 over budget predominantly due to increased costs related to the bi-annual All Committees' Meeting.

National Defence Fund

As at September 30, 2014, we have $11.2 million in Total Assets compared to $8.5 million at June 30, 2014 and $8.2 million at December 31, 2013. The cash balance at September 30, 2014 is $4.5 million, as compared to $1.7 million at June 30, 2014. Additionally, we have investments totalling $5.4 million, unchanged from June 30, 2014.

Cost-shared campaigns approved by the National Executive Board for the first nine months of the year totaled $2,786,445 of the annual budget of $2.6 million. Major Organizing expenses were $1.5 million, while National Strategic Initiatives totaled $1,526,504. Spending on Regional Strategic Initiatives totaled $744,270.

National Strike Fund

Total Assets in the Strike Fund as of September 30, 2014 were $80.5 million, unchanged from the previous quarter end. These assets consisted of $1.5 million in cash, $1.9 million in per capita receivable, $106,000 in receivables due from the General and Defence Funds, and $76.6 million in investments.

Under Liabilities we have accounts payable and accrued liabilities of $3.8 million; therefore, at September 30, 2014, the Fund Balance was $76.8 million, compared to $79.3 million at June 30, 2014.

Revenue into the Strike Fund, including investment income, was $11.0 million for the first nine months. Expenditures for the same period totalled $9.6 million. This results in a net surplus for the year to date of $1.4 million, before taking into account unrealized investment gains of $2.4 million.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 2262, City of Castlegar, British Columbia - 30 CUPE municipal workers who provide valuable services in roads, parks, and recreation have been on strike since November 8, 2014 in their effort to strengthen job security, protect against contracting out and resist employers concessions. The picket lines have remained strong and CUPE members in the Kootenay region are showing solidarity.

Local 76, City of Campbellton (Outside Workers) – under the threat of three years of contracting out of snow removal services, the municipality locked out 43 CUPE members who work for the municipality on November 4th, 2014. The members stood strong and were able to achieve wage increases as well as safe guarding their jobs and their Defined Pension Plan. The members returned to work on Monday, December 1st, 2014.

Local 608, Naramata Centre, British Columbia – 30 members remain on strike as of May 15, 2014 against a move by the employer, United Church of Canada, to contract out services such as food and beverage and grounds maintenance.

Local 1490, Township of Black River-Matheson – 19 members who were locked-out since August 11, 2014 returned to work by October 6, 2014 with their collective agreement intact, having fought off the employer's attempted concessions. CUPE members provide vital services such as road maintenance, building permits, by-law enforcement, parks and recreational facilities.

PER CAPITA ARREARS

For the quarter ended September 2014, the total arrears were $7,183,900, which was a decrease of $531,584 or 6.89% from the previous quarter ended June 2014. Total arrears have increased 16.65% as compared to September 2013.

TECHNOLOGY REPORT

The Information Management / Information Technology (IM/IT) Steering Committee continues to meet regularly to discuss, be updated on, and actively govern the 2014 IM/IT Projects ongoing and planned for CUPE.

The focus of the Steering Committee over the last couple of months has been on IM/IT planning and budget estimating / forecasting for the 2015 operating year. That work has resulted in an updated version of the Vision and Strategy for IM/IT at CUPE document, as well as the development of the 2015-2017 IM/IT Operational Plan.

As part of the annual planning and budgeting cycle, CUPE's IM/IT Steering Committee reviews the Strategic Directions and priorities of the Union, and prioritizes the focus of CUPE's IM/IT through the development of the IM/IT Operational Plan and supporting budget submission.

As the last quarter draws to an end, the following accomplishments are expected to be achieved:

- LUIS II – the upgrade project to revamp LUIS has completed development and entered into a significant testing phase. Implementation is being planned with rollout anticipated at the end of January 2015.
- Managed Mobility Solution (MMS)/New Mobility Policy – Plans to launch the solution beginning with the Quebec Region are planned for early December.
- The Video Conferencing project is preparing for implementation with training starting to unfold. Video conferencing will be available in Quebec, Calgary, Dartmouth, Edmonton, Fredericton, Winnipeg, Sudbury, Regina, Saskatoon, St. John's, CUPE National, British Columbia Regional Office and Ontario Regional Office.
- Desktop/Laptop Strategy and Rollout – last year saw the commencement of a strategy and associated plan that would replace all desktop/laptop hardware older than three years. The plan for this year's refresh is being finalized and it is

anticipated that any hardware three (3) years or older in 2015 will be replaced in Q1 2015.

- In January 2015, CUPE will begin upgrading versions of Microsoft Office 2007 with Office 365. Office 365 will allow CUPE employees to not only be current and continually kept current with the latest Microsoft Office suite, but will allow for a more reliable, collaborative effort to support its members.

PROPERTIES AND LEASEHOLDS

Properties

In Markham, Ontario, the replacement of the skylights is underway and scheduled to be completed by the end of December 2014.

Leaseholds

We signed a ten-year lease with the Landlord for the new St. John's area office in Newfoundland, which is scheduled for occupancy in April 2015. The new space will be designed to CUPE's national specifications.

The lease for the Lakehead Area Office located in Thunder Bay, Ontario, is scheduled to expire in February 2016. The Landlord for our current office is most disobliging, the space is dysfunctional and on-going concerns are being raised by the staff in respect to the condition of the space. We will conduct our due diligence and explore all available options for the relocation of this office on lease expiry. Our standard space design would be applied to alternate accommodation, incorporating adequate meeting and work space for our members and staff.

The interior improvements for the Red Deer Area Office in Alberta are now complete and new office was opened on September 25, 2014.

In Grande-Prairie, Alberta, tenant improvements were completed and the staff moved into the new office on November 13, 2014.

We continue to explore options for lease renewals or relocation for the Dalhousie Area Office in New Brunswick, Timmins, Kenora, Kitchener, Sault Ste-Marie and Windsor Area Offices in Ontario, Medicine Hat Area Office in Alberta, Prince George Area Office and British Columbia Regional Office in British Columbia.

NATIONAL CONVENTION AND OTHER CONFERENCES

CUPE's first ever Sector Council Conference held at the Sheraton Centre Toronto Hotel was a huge success with a final attendance of 1022 members (over 400 from Ontario alone) and over 175 CUPE staff. The Sector Council Conference was so successful,

we've already reached out to conference and convention centres across the country in order to secure a venue for the 2016, 2018 and 2020 Sector Council Conferences.

CUPE has now shifted its focus towards the Human Rights Conference which will be held at the RBC Convention Centre in Winnipeg from February 5 to 8, 2015. On-line registration went live on October 29, 2014 and to date, we are close to 100 members registered.

An accessibility site visit to the convention centre and delegate hotels; Fairmont Winnipeg, Radisson Hotel Winnipeg and Fort Garry Hotel, is scheduled for December 2 and 3, 2014. CUPE staff will be accompanied by two members from our Persons with Disabilities Working Group on this visit. CUPE continues to demonstrate its dedication and commitment to ensuring the safety of its members and staff, and breaking down barriers surrounding disability issues.

TRAINING AND DEVELOPMENT

CUPE's union education program continues to develop and evolve to meet the emerging needs of our locals and membership. Our Union Development team is dedicating significant time and resources toward updating and expanding courses and supporting facilitators. CUPE currently has 52 unique courses, 41 of them are available in both French and English. An additional 8 courses are in the process of being adapted into French.

Human Rights Workshop

CUPE held its first André Lamoureux Memorial School in Cornwall, Ontario, in September 2014. The weeklong school was a great success, with over 50 participants from 10 locals all across Ontario.

Among the 5 courses offered during the school, the new CUPE Introduction to Human Rights workshop was piloted for the first time with 16 participants. The workshop includes awareness modules on oppression, discrimination and equality. It explores union tools such as pay equity, employment equity, duty to accommodate, childcare and anti-harassment policies. The workshop was very well received by participants. It will be piloted a second time for CUPE members in BC in the last week of January at the Canadian Labour Congress weeklong school.

Labour History

CUPE's 50th anniversary and the Fairness initiative have sparked a renewed interest in labour history. We have developed a brand new course: Labour History and the Class Struggle Today. It is available as a 9-hour, 2.5 days (winter school) and weeklong course. Participants learn about key moments in labour history and the context of those key moments. The course has three main goals: 1) to remember and honour those who

came before us; 2) to learn the best from the past in order to inform our struggles today; and 3) to share our story with members and the community.

We piloted the course in Saskatchewan and Manitoba and offered the new weeklong at the Ontario Fall School in November. By all accounts, the course was a big hit. Participants leave with a sense of pride, eager to share our story, and inspired to make history.

Member Facilitators

This year marks the 10th anniversary of the Member Facilitator Program. In 2004, the NEB recognized the importance of the program and the value of peer education and adopted a policy that put in place a comprehensive approach to recruiting, selecting, training and supporting member facilitators. The Member Facilitator Program replaced the "occasional instructor" program that preceded it.

Member facilitator training is continually revised to better equip the union's facilitators and the Union Development Department has refined the process for certification and ongoing development of member facilitators. Hundreds of members have been selected and trained, with an ongoing emphasis on recruiting and training members from equality-seeking groups. Many members have gone on to be recruited as servicing representatives. This November and December will see another 50 members trained as facilitators from the Atlantic, Maritimes, Ontario and Manitoba regions.

Literacy Program

The Canada Job Fund - The attack on literacy

Recently, CUPE published a research paper on the Canada Job Fund. The Fund is the federal government's response to the push back received from the provinces and territories when it announced the Canada Job Grant in 2013.

The Canada Job Fund now replaces the Labour Market Agreements (LMAs). Before these cuts, LMA monies were transferred to provinces and territories to go towards mainly public sector and community based programs for workers with low literacy and essential skills, who were not eligible for employment insurance (EI).

Instead, the Canada Job Fund's funds employers to give short-term training. All the control of these dollars are in the hands of the employers. As only private sector employers can access these funds, public sector workers are left out. Training options for workers who are unemployed and not eligible for EI are not available. CUPE calls for a return of the LMAs.

Cuts to Literacy Core Funding

Earlier this year, the federal government announced that it would not renew literacy core funding that 22 literacy organizations had been receiving. Over a year ago, the federal

government requested that the 22 provincial, territorial and national organizations work together to submit proposals to establish a literacy pan-Canadian network. It took over one year for the federal government to make its decision that all proposals were refused and that all core funding would end immediately.

Many organizations have had to lay off staff, cut services or simply shut down. The latest to suffer this sad fate is the Canadian Literacy and Learning Network (CLLN). In September, CLLN announced the immediate closure of its office with a goal of winding down all activities by March 31, 2015.

This is the latest example of literacy organizations that are being subjected to the Harper Conservatives' attack on literacy. CUPE continues to support literacy organizations and to champion for literacy and essential skills training.

CUPE's contributions have been appreciated. In a letter to CUPE leadership, CLNN President and CEO, Wendy Magahay, said "...on behalf of the CLLN Board of Directors and the remaining project staff, I wanted to be certain each of you knew how incredibly grateful we are for CUPE's support of our organization and how certain we are that you will continue to champion the cause of adult learning across Canada going forward."

PENSION ADMINISTRATION

The Joint Board of Trustees held its last meeting of the year early December.

The main focus of the meeting was to discuss, with the Investment Managers, their performance results and a review of their strategies as well as expectations for the upcoming year. The Trustees are also in the midst of adding specialized investment mandates to the portfolio.

The Trustees have started preliminary discussion on the review of the methods and assumptions to be used for the preparation of the January 1, 2015 actuarial valuation.

Unfortunately, since the beginning of 2014, the market value solvency ratio has decreased from 96.9% to 89.1%, which is mainly due to a reduction in statutory interest rates. The CUPE Pension Fund investment performance has been below the benchmark (standard set by the market against performances of other funds) and the median (middle value) pension fund in Canada during the third quarter of 2014, with a year-to-date investment return of 7.32% as at the end of October 2014.

The CEPP Website is currently being revamped and should be accessible to all plan members in the New Year.

Effective September 2014, Sister Heather Dillabaugh has replaced Sister Donna Wilde has COPE 491 Alternate Trustee.

The Pension Administration staff are currently preparing for the 2014 year-end.

Deaths

Mrs. Marie Moynes, spouse of late retiree Elgin Moynes – September 7, 2014
Sister Julie Davis, retiree, National Office – November 14, 2014
Sister Dea Pasini, Servicing Representative, Ontario Regional Office – November 21, 2014
Brother Kevin MacNeil, Servicing Representative, Sydney Area Office – November 27, 2014
Brother Chris Sax, Servicing Representative, Barrie Area Office – December 2, 2014

Retirement

Brother Robert Hickes, National Office – January 1, 2015
Sister Paula Larocque, Niagara Area Office – January 1, 2015
Sister Edie Wolfe, Grande Prairie Area Office – January 1, 2015
Sister Denise Harder, Dauphin Area Office – February 1, 2015
Sister Colette Proctor, Ontario Regional Office – February 1, 2015
Sister Nicole Chenier, National Office – March 1, 2015
Sister Patricia Beaudoin, Rouyn-Noranda Area Office – March 1, 2015
Sister Helen Manning, Peel Area Office – April 1, 2015
Sister Sylvie Roy, Local 957 – April 1, 2015

CONCLUSION

The good news is that in CUPE, we do not back away from the very serious and very big fights that we are facing. It is true that we are facing real challenges due to the slowdown in our revenues. At the same time, we must remember that CUPE has the financial resources to stand behind each and every local across the country who is in need. We will stand beside all locals who face tough bargaining and privatization fights, all who are locked out or on strike, those who face essential services fights or pension attacks and we will back each other up whenever it is needed.

We are all in this struggle together.

Respectfully submitted,

Charles Fleury

CHARLES FLEURY
National Secretary-Treasurer

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