



# FTAA MIAMI

## The free trade menace

**Late November 2003 in Miami Florida, trade officials from 34 countries of the Americas (except Cuba) continued negotiations on expanding the North America Free Trade Agreement (NAFTA) concept into a much larger and more menacing agreement – the Free Trade Area of the Americas (FTAA).**

FTAA talks initially began in 1994 with a deadline for a deal by January 2005. But the tide seems to be turning on securing this agreement. Following an aggressive U.S.

government campaign backed by Canada, the November negotiations stalled like the World Trade Organization (WTO) meetings in Cancun, Mexico last September.

Led by Brazil, Argentina and Venezuela the demands for unfettered access to the resources, public services and marketplaces of the Americas were watered down to the point of the agreement being dubbed “FTAA-lite”. As in the WTO talks, the FTAA flashpoint was U.S. agricultural subsidies and U.S. government restrictions on access to American markets.

In its place, the workings

of another plan by the U.S. to dominate trade in the Americas began to take shape. With the FTAA significantly weakened, the U.S. began to line up willing partners for bilateral (country-to-country) free trade deals.

Experience shows too well the dangers of these so-called free trade deals that allow one side to erect barriers against trade while corporate commando attacks are wielded against public services. The U.S. – Canada softwood lumber dispute and the United Parcel Services (UPS) NAFTA chal-

lenge clearly illustrate the consequences of unfair trade agreements. Ultimately these trade proposals would reduce governments’ control over resources and many public services through privatization, deregulation and liberalization provisions. Of particular concern to postal workers are proposals to extend the investment rules and investor state disputes settlement (the UPS challenge under NAFTA) to the FTAA, ban CPC’s exclusive privilege on lettermail and threats against subsidies for rural mail service.

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**Masthead graphic:** Repressing dissent through intimidation and fear – government officials rely upon the police to assault activists on the streets of Miami and protect the economic elite.

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## CUPW - Growing Older and Younger



CUPW members from all regions debated and organized at first ever Youth Consulta in October 2003.

**T**he Canadian Union of Postal Workers (CUPW) is growing younger, and older, at the same time. That’s the conclusion from a review of data on the age and gender composition of CUPW members who work in the postal operations unit of Canada Post Corporation.

During the past six years the number of members aged 25 years or less has increased 21 per cent. In 1997, CUPW represented 1,912 members in this age group. Today the number is 2,300. For full-time employees the change is even more striking. In 1997

just 70 full-time employees were 25 years or younger. Today the number is 321. In 1997 younger workers comprised 3.9 per cent of the entire CUPW membership in the postal operations unit at Canada Post. Today younger workers comprise 4.5 per cent of the membership and the number is growing.

While the proportion of younger members is growing, so too is the number of members at the other end of the age scale. In 1997, 4,161 members were 55 and older. Today that number is 5,825. As a proportion of the membership, employees 55 and

older have increased from 8.5 to 11.3 per cent.

This trend toward a younger membership can be explained by several factors. During the past six years the number of regular employees has increased significantly due to the Group 1 staffing ratio and improved application of the bar charts for Group 2. More senior members are retiring, permitting staffing movement on the part of part-time and temporary employees. In the fiscal year 1996-97, a total of 633 regular employees retired. By 2002-03 this number increased to 867.

The trend towards a younger membership will continue. The retirement rate will continue to increase due to the larger numbers of members in the 55-year or older age bracket. As these members retire temporary employees who tend to be younger in age will replace them. Currently 16.9 per cent of all temporary workers are 25 years of age or less and fully 32.5 per cent are 30 years or younger.

The number of more senior members will soon begin to decline due to the increasing rate of retirements.

The trend towards a younger membership will have major implications for all aspects of the union’s activities including education, organization and collective bargaining.



## Penny-wise and pound-foolish Post Office?

In case you haven't heard, stamp prices have gone up in Canada. At 49 cents Canadian stamps now cost an entire penny more for lettermail than they did before January 12, 2004.

On the heels of this increase, like clockwork, business groups bemoaned the fact that rising postal rates burden their bottom line. Little attention was paid to government regulations, which limit basic letter mail rate increases to a maximum of two-thirds the inflation rate. This situation creates a reality that benefits many mail users because postage is fixed below the inflation rate. But for postal workers, such a restriction generates a serious financial crisis.

To make up the difference financial experts at

Canada Post look to reduce costs. Like clockwork, postal workers are first under attack for budget restrictions and belt tightening. These same experts seize opportunities to cut jobs, and then move on to the following stages of closing post offices, reducing existing services and curtailing future improvements. The end result is a patchwork post office that is wholly unsustainable.

Postal rate changes of penny-pinching increments in Canada attract comparisons of an international scale with the basic lettermail rates of other countries. With the dramatic restructuring of postal services around the world, rate comparison becomes quite challenging. Privatization, deregulation and liberalization of post offices have produced a variety of delivery services and products. Some private companies jump borders to compete with or attempt to entirely replace state-owned operations, as was the case in Argentina. In other situations, postal administrations have purchased private companies as an

alternative to cutting services. Eleven years ago Canada Post acquired Purolator Courier. Since then it has acquired partial ownership of other businesses. Globally, the German Post Office, Deutsche Post, has applied a more aggressive strategy by purchasing a stable of over 60 companies.

Virtually all over the world, today's post offices are far more complex in their structure and services, making rate and other comparisons nearly impossible. But unions must keep pace in documenting and evaluating the impact of postal restructurings on jobs and services. All the while keeping a watchful eye on technological advancements tested or implemented in various countries, which translate improved productivity into job losses.

The Canadian Union of Postal Workers (CUPW) handles these global shifts in service operations and delivery by using a multi-faceted approach. CUPW maintains contact with unions in other countries and affiliates with interna-

tional trade union organizations including current membership with the Union Network International (UNI).

In November of 2003 the first UNI World Postal Conference united postal union representatives from over 50 countries in Geneva Switzerland. At the conference CUPW participated in a valuable information exchange, and an opportunity to debate and influence UNI's policy on deregulation and privatization. Increased pressure from multinational and courier companies such as UPS and FedEx moved conference delegates to decide on how to ensure that a voice for public postal services will be heard. After raising some initial concerns, the CUPW delegation unanimously supported a resolution for UNI to affiliate with the Universal Postal

Union (UPU).

The UPU, an agency of the United Nations, is comprised of the world's postal administrations whose mandate dealt with ensuring standards and regulation for mail delivery between countries. Today, its wider scope includes forums for debate on the future of postal services.

CUPW's presence at international conferences, forums and exhibitions is arguably one of the most important ways of working in an increasingly global environment. The shared experience, increased knowledge and solidarity through contact with workers in other countries and our continued advocacy on behalf of public services are all necessary components to strengthen our struggle for the future of CUPW members.

In Solidarity,

George Floresco, 3rd National Vice-President

### CUPW PERSPECTIVE

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CUPW Perspective welcomes letters to the editor. We will print any letters from a CUPW member provided it:

- is 400 words or less. Union members may submit longer items for consideration as commentary pieces.
- does not violate CUPW policy opposing discrimination against women, people of colour, gays and lesbians, people with different abilities, or policy on union principles.

- is typed or written neatly.
- includes the author's name, address, local and a phone number where they can be reached if there are problems.

PERSPECTIVE will withhold the authors' names if necessary. Otherwise, the author's name and local will appear.

PERSPECTIVE will contact authors if there are problems with their letters. We accept letters by mail, fax and electronic mail.



Sister Karen Kennedy, Edmonton local

# WORKING WORLD



## Organized labour strongest in Quebec

In Quebec, 40.4 per cent of the workforce is unionized, making it the province with the strongest union presence in Canada or anywhere else in North America.

This rate, which remains unchanged from 2001, makes Quebec number one, ahead of Newfoundland with 39.1 per cent and Manitoba with 36.1 per cent. The Canadian average is 32.2 per cent.

A whopping 82 per cent of Quebec public sector workers are unionized, compared to just 27.4 per cent in the private sector. A similar gap exists in other provinces.

Unionized workers in Canada earn on average \$19.60 an hour, whereas non-unionized workers are paid \$15.19, a difference of 30 per cent.

### Unionization rates

Quebec	40.4 %
Newfoundland	39.1 %
Manitoba	36.1 %
Saskatchewan	35.8 %
British Columbia	34.7 %
Ontario	28.1 %
Alberta	24.5 %
Canada	32.2 %

Sources: PSAC Update, CALM



## Union rights in the U.S.A.

U.S. Congress stripped 180,000 U.S. federal employees of their civil service bargaining rights when it approved the creation of the Department of Homeland Security in 2002. There are now plans to do the same to the 746,000 civilian employees of the U.S. Department of Defense.

The proposal to remove union rights from federal workers is being pushed by U.S. Defense Secretary Donald Rumsfeld, who insists he needs more “flexibility” in hiring, firing, pay, promotion and labour disputes. Such flexibility, he has explained, “is nothing less than a national security requirement.”

The rate of unionization in Canada was just over 30 per cent in 1950 and has mostly risen, bit by bit, over the years. The U.S. unionization rate was also just over 30 per cent in 1950 and it’s mostly been dropping ever since. Today the Canadian workers are 32.2% unionized, while the American unionization rate is only 15%.

Source: The Guild Reporter, CALM, Building a Better World (Black & Silver)

# Meeting the CWU

During the first week of October 2003 a delegation from the Canadian Union of Postal Workers (CUPW) met with the Communications Worker’s Union (CWU) representatives in England.

CUPW delegates toured two distribution centres (letter carrier depots) and one mail processing plant to investigate some initiatives familiar to Canadian postal workers and some that Canada Post may introduce. Here’s a brief overview of what was learned:

### Starburst model

In Sheerness, UK, CUPW viewed the Starburst letter carrier model. With this project, letter carriers are grouped together to sort and deliver a number of walks. The carriers noted reduced weight limits and support while out on the street, but cited job losses and pressure from faster carriers to work to the group’s speed as major drawbacks.

### Loose loading

Loose loading - used in Britain much longer than at Canada Post - is on the decline. Instead the Royal Mail is increasing containerization. A proposal less daunting than at Canada Post because Royal Mail containers require less bending with container bottoms that rise as pieces of mail are removed.

### Maintenance operator

During negotiations, Canada Post had a demand to create a classification of maintenance operator, where a clerk working on machines would do some light maintenance and clear jams. In Britain they already have clerks performing this work. The clerks say they like the job because it “beats standing around” and they are allowed to go home when finished. The concern is that a rush to go home early may impact maintenance and health & safety. In return for moving the work to the clerks maintenance employees were promised more enhanced work. This work did not sufficiently materialize and there will be layoffs of the maintenance group.

## HEALTH & SAFETY

A 2001 survey conducted on workplace injury, compensation\* and work duties found that out of 2,500 Canadian workers:

- Just over 10% of the respondents had been injured, however
- 40% of those eligible to claim workers’ compensation had not filed;
- 60% had filed a claim only if their injury required medical treatment;
- 70% filed if they needed time off work; and
- 60% filed if they required their duties to be changed.

\*A criterion built into the survey ensured compensation eligibility was considered.

Some issues identified in this survey exist at Canada Post. Under use of workers’ compensation forces the public health care system to absorb the costs of workplace injuries.

Meanwhile, Canada Post continues to play games with accident and injury recording by refusing union representatives to be present during the completion of forms. Employer tactics such as these are sometimes successful in discouraging and intimidating workers from not reporting injuries. The Canadian Union of Postal Workers (CUPW) encourages its members to complete a Supervisor Accident Investigation Report (SAIR) for each and every injury.

“It is important to report ALL injuries, regardless of how minor the injury may be in order to provide a record of what exactly has happened to you at work.” says CUPW National Health and Safety Representative Gayle Bossenberry. “Union representatives should be present during the completion of all forms and members should receive and keep a copy of any forms relating to their injury.”

### If injured it’s important for workers to:

- Protect their rights
- Involve their union representative
- Report it and have it recorded
- Never be intimidated into working beyond their medical restrictions. The risk of re-injury could hinder their recovery.

CUPW also cautions members employed by Canada Post about Medisys, a third party medical professional hired by the employer. In dealings with Medisys members need to know they have the right to union representation to advise them or to act as a witness.



CUPW reminds members not to be a guinea pig.

Canada Post is once again advocating the use of “tools” and “devices” on CUPW. CUPW reminds members not to be a guinea pig – if in doubt union members should discuss the right to refuse with their union representative.

# Post to Post

## Report on US Postal Service Says Cut, Close, Cap

The future of the United States Postal Service (USPS) has been questioned in recent years because it faces increasingly serious challenges to its viability.

The USPS is almost entirely dependent on basic letter-mail to finance universal service. It does not have the commercial freedom that post offices such as Canada Post do to effectively participate in parcel, express and courier markets. U.S. demand for basic lettermail service peaked in 1999 and has declined as electronic alternatives to mail have gained popularity. At the same time, the number of daily delivery points in the U.S. continues to grow by 1.7 million addresses a year. Together these trends point to huge financial problems for USPS.

These problems recently prompted President George Bush to appoint a commission of "experts" to look at options for postal reform. As might be expected from a commission stacked with right-wingers and Bush political cronies, the results are not encouraging.

Postal unions in the U.S. are working together to defeat key proposals in the *Report of the President's Commission on the United States Postal Service*. The unions are opposed to recommendations that would close post offices, devastate collective bargaining and attack public accountability.

### The Report

Major report recommendations are summarized below along with the view of postal unions:

#### Monopoly:

The report recommends that the post office keep its current mail monopoly.

*Postal unions point out that the report also says the monopoly could be narrowed over time to create a competitive market at some point in the future.*

#### New Regulatory Board:

The report recommends creating a new Postal Regulatory Board (PRB) with the power to act on complaints, regulate rates (non-competitive services) and review the scope of the postal monopoly and universal service. It says the PRB will improve accountability and public oversight.

*Unions point out that the U.S. Congress is being asked to surrender its oversight and policy roles to an unelected board. The President would appoint PRB members.*

#### Structure of post office:

The report recommends that the postal service continue to operate as an independent establishment that is state-owned, with a mandate to operate as a self-sustaining commercial enterprise.

*Unions believe that it may be difficult, if not impossible, for the post office to be self-sustaining, if recommendations that favour cost control over growing business are implemented.*

#### Post Office Closures:

The report recommends the repeal of statutes limiting post office closures. It also recommends that the retail counters be established in venues other than post offices, including banks and grocery stores.

#### Processing and Distribution Facilities:

The report recommends that a commission be created to consolidate and rationalize mail processing and distribution facilities.

*Unions note that the report rejects, out of hand, the option of using the postal network – buildings, vehicles, a nationwide 24/7 distribution system – to generate revenues that would help pay for universal service. Instead it clings to cost cutting as the only way of dealing with the problem of rising infrastructure costs and declining mail volumes and revenues.*

#### Private Sector Partnership:

The report recommends that functions that can be performed better at a lower cost by the private sector be outsourced to the private sector.

#### Collective Bargaining:

The report recommends that the collective bargaining process be retained but it also calls for major changes to this process.

*Unions say the changes amount to a radical overhaul of the collective bargaining process. They point out the report would impose manda-*

*tory mediation and eliminate tripartite interest arbitration (with union, management, and neutral arbitrators) in favor of "last best offer arbitration" before government-designated arbitrators.*

#### Pay Comparability:

The report recommends that the new PRB have the power to determine whether employees are being paid a premium compared to private sector workers for their total compensation package (combined pay and benefits). It recommends that the PRB be given the power to enforce "comparable total compensation" through a cap on the total compensation of new employees.

*Unions note that, if the PRB decides there is a premium, it would have the power to bind labour negotiators to limit the pay of new hires, creating a two-tier pay system. They say the report recommendations give the PRB the right to set a total compensation figure before negotiations even begin.*

*Even Postmaster General John Potter is opposed to giving a regulatory board the power to cap workers' salaries. "This would destroy collective bargaining," said Potter during a U.S. Senate hearing in November. "We don't think that this is in the nation's best interests."*

#### Pricing Flexibility:

The report recommends giving the post office greater flexibility to set rates within limits established by the PRB without obtaining prior approval. Currently, it takes up to ten months and more for the post office to alter rates.

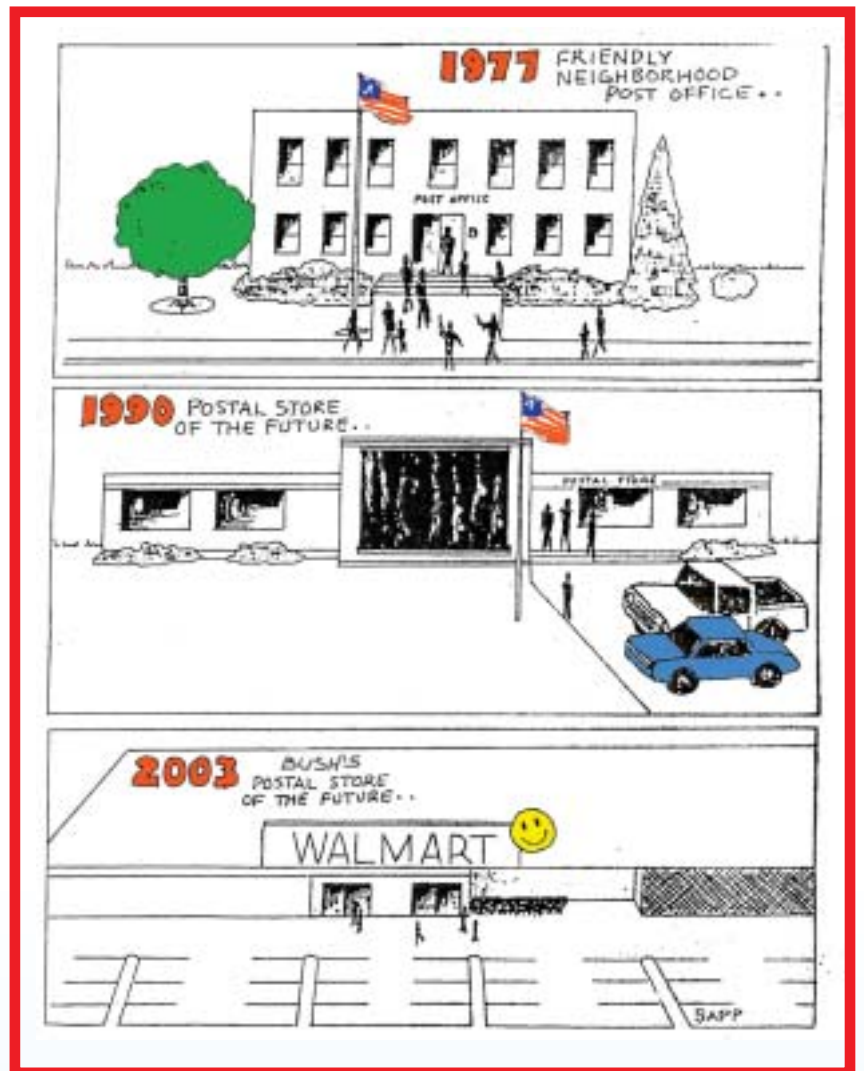
*The National Association of Letter Carriers, the National Postal Mail Handlers Union and the Rural Carriers support this proposal as well as a number of other proposals in the report.*

### Not over yet

Postal unions are working together to get support for their campaign to save post offices, collective bargaining and public accountability for postal service. The AFL-CIO Executive Council has already passed a resolution rejecting these recommendations. Union members are being urged to lobby their legislators.

The unions expect draft legislation in early 2004. Legislation could draw from the report on postal service or ignore it altogether.

Sources: National Association of Letter Carriers, Union Network International, Federal Times "Postmaster General: Proposed Regulatory Board Needs Limits," November 6, 2003.



# Police state? Visiting the “Miami Model”

While the issues surrounding the FTAA are significant and newsworthy on their own, they are overshadowed by what has become known as the “Miami Model”. State and city authorities supported by over \$9 million from the Bush

administration deployed thousands of law enforcement officers. Thousands of people gathered to protest the FTAA agenda in Miami, while officials hid behind a well-fortified police barricade to conduct the trade and investment talks.

Over 40 agencies representing police departments, the National Guard, state troopers and the game and fish enforcement agency contributed to an armed encampment in downtown Miami. Under the premise of protecting everyone from possible “outside agitators”, the police were transformed into a fully equipped military occupation force. For days prior to the main protest march, hundreds of these special forces patrolled the area around the clock. They restricted traffic, searched pedestrians and raided locations of community groups.

But other voices were audible above this din of military might – those calling for a better world. Activists held counter FTAA meetings throughout the week exposing the FTAA’s consequences while offering progressive alternatives. The Canadian Union of Postal Workers (CUPW) participated in these events as part of a large Canadian Labour Congress (CLC) delegation. The violence culminated the

day of the march, when thousands of the special forces were unleashed.

Busloads of union retirees were denied access to the

protest site, while people inside were threatened with arrest or had guns pointed at them for simply asking for directions. Rubber bullets, water cannons and tear gas canisters

were fired at protesters. But for those arrested things became much worse. Police held detainees for lengthy periods of time and physically attacked some held in custody, while denying others their medication.

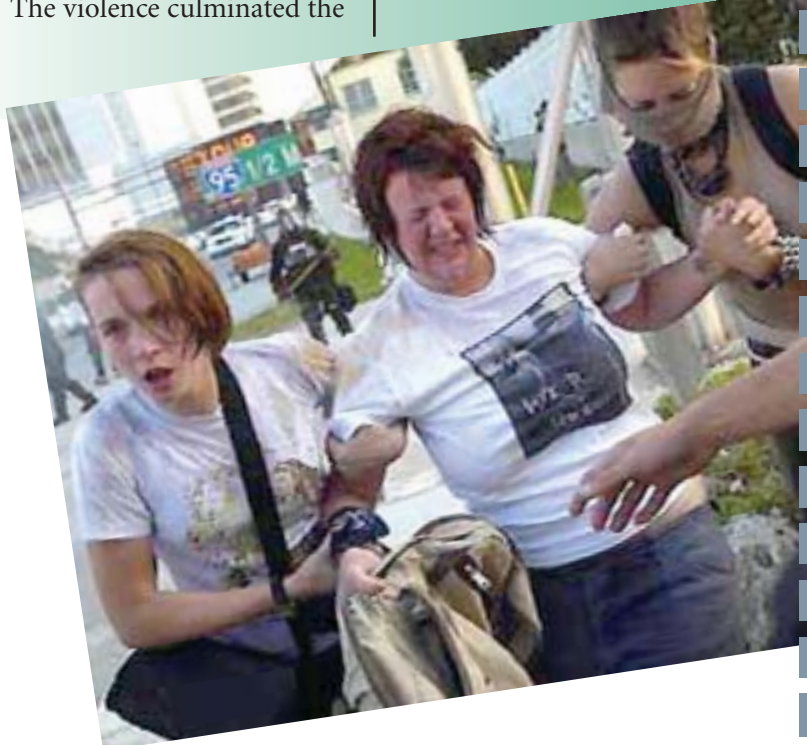
Although police dropped trumped up charges and released some activists the following day, many others still faced charges.

**Rubber bullets, water cannons and tear gas canisters were fired at protesters.**

**The violence culminated the day of the march, when thousands of the special forces were unleashed.**

**We will continue in our efforts to defend the interests of the membership in ongoing trade discussions.**

Labour, the United Steelworkers of America, Amnesty International and many other organizations and individuals are calling for a full investigation into this unwarranted attack on dissent. We will continue in our efforts to defend the interests of the membership in ongoing trade discussions and continue to support protest as part of an overall strategy.



## CUPW’s Special Needs Project is now an award winner

The union was the 2003 recipient of the Rosemarie Popham Family Advocacy Award for our Child Care Fund project that supports members whose children have disabilities. The award is given by Family Service Canada and Family Service Association of Toronto in memory of Rosemarie Popham’s outstanding contribution to the well-being of children and families in Canada.

Denis Lemelin, CUPW 2<sup>nd</sup> National Vice-President, accepted the award at Family Service Canada’s national conference in



CUPW’s 2<sup>nd</sup> National Vice-President, Denis Lemelin (second from the left) and Childcare Fund Specialist, Jamie Kass (center) accept Mary Popham award.

October. He pledged that CUPW would honour Rosemarie Popham’s legacy by continuing “to advocate for justice and government action to support children and their families, particularly those who have special needs.”

## GET ON THE MAILING LIST!

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## 1. Introduction

The National Board of Trustees met from April 28 to May 7, 2003 at the National Headquarters of the Union in Ottawa for the second verification of this term.

As provided in the new National Constitution under sections 4.95 to 4.98, we have completed an examination of the financial transactions of the Union for the period of July 1, 2002 to December 31, 2002.

The work of the National Board of Trustees consisted of examining the national treasury books, vouchers pertaining to expenditures, expense accounts for National and Regional Officers and Union Representatives as well as all other documents deemed useful and necessary for a sound administration of the Union funds.

## 2. Composition of the National Board of Trustees

The National Board of Trustees is composed of the following members:

### Metro-Montreal Region

Brother Michel Chevrier, Chairperson

### Ontario Region

Sister Deborah Roberts, Secretary

### Atlantic Region

Brother Paul Hand, Member

### Quebec Region

Brother Denis Poirier, Member

### Central Region

Brother John Meloche, Member

### Metro-Toronto Region

Brother Frank Covello, Member

### Prairie Region

Brother George Britton, Member

### Pacific Region

Brother Svavar Tryggvason, Member

Sister Deborah Roberts was unable to attend the second verification due to personal reasons. Therefore, Brother Angelo Colacci, 1<sup>st</sup> Alternate Trustee for the Ontario Region replaced Sister Roberts. Brother Frank Covello was unable to attend the second verification due to illness. The 1<sup>st</sup> and 2<sup>nd</sup> Alternate Trustees from the Metro-Toronto Region were unable to replace Brother Covello.

Brother George Britton was elected as Secretary for the second verification.

## 3. Semi-Annual Verification

The National Board of Trustees noted that the responses to the first verification indicated that the audited financial statements were mailed to the Trustees. These statements were not sent to the Trustees; in fact, the financial statements for the period ending June 30, 2002 were only being presented in a draft form to the May 2003 National Executive Board meeting.

The second verification will therefore be repetitive in some sections of this report.

## 4. 2002 CUPW Triennial National Convention

Based on a computer printout and our verification work, as well as the information available to date, the total cost of our National Triennial Convention which took place from April 7 to 11, 2002 as well as the Pre-Convention committee meetings is \$2,569,571.00.

The National Board of Trustees did not have the final results at the time of its first verification. However, it is now able to provide the complete and detailed information below for this verification, since all required information was available.

The National Board of Trustees was provided with a statement of costs for the 2002 convention, which breaks down as follows:

2002 Convention	
Accommodation:	\$891,132.00
Equipment rental:	\$182,704.00
Child care:	\$32,023.00
Entertainment:	\$5,415.00
Lost wages:	\$458,767.00
Meeting room rental:	\$4,674.00
Others:	\$13,773.00
Per diem:	\$222,939.00
Postage:	\$1,806.00
Printing and supplies:	\$199,461.00
Professional fees:	\$15,011.00
Telephone and fax:	\$2,610.00
Interpretation:	\$119,971.00
Travel:	\$282,409.00
Staff wages:	\$75,606.00
Computer equipment:	\$490.00
Verbatim report of debates:	\$65,160.00
Registration Fees:	(\$4,380.00) <sup>1</sup>
<b>Total:</b>	<b>\$2,569,571.00</b>

1. "Registration Fees", in the amount of \$4,380.00, represent fees paid by observers to attend the Convention.

We noted during our verification that National Convention expenses were made in accordance with the National Constitution.

# Canadian Union of Postal Workers

## NATIONAL BOARD OF TRUSTEES

### (2002-2005 Term) Second Verification

## 5. Review of Statement of Expenses

The National Board of Trustees examined the individual statement of expense forms for the National and Regional Officers and Union Representatives. We also examined the individual statement of expense forms for the Alternate Union Representatives, members of various committees, specialists and contract employees working for the Union.

For the period under review, the National Board of Trustees noted a noticeable improvement with respect to the expense forms for the National and Regional Officers and Union Representatives. Most of the forms were submitted and in order. However, several of the National Executive Committee expense forms had only one authorization signature instead of the required two signatures.

*Therefore, the National Board of Trustees recommends that:*

The National Secretary-Treasurer ensure that sections 7.54 and 7.55 of the National Constitution are complied with.

*The National Secretary-Treasurer will endeavour to ensure that sections 7.54 and 7.55 of the National Constitution are complied with.*

## 6. Expenses for Regional Offices

The National Board of Trustees reviewed the files containing the forms and receipts for the expenses of Regional offices for the period of July 1 to December 31, 2002.

6.1 The National Board of Trustees reviewed the bank statements and bank reconciliation reports for each region. There has been a noticeable improvement in the reconciliation reports in general. However, there are still two regions that have not submitted any bank reconciliation reports for the entire period under review.

6.2 The National Board of Trustees has noted a big improvement in the reporting of regional office expenses in general. The problems with the lack of detailed portions of telephone invoices and purchase statements seems to have been addressed as all regions are now supplying this information.

*Therefore, the National Board of Trustees recommends:*

6.1 That the National Secretary-Treasurer ensure that all National Directors submit complete copies of monthly bank statements, as well as bank reconciliation reports, for all Union accounts, in accordance with a prior decision made by the National Executive Board in June 2000.

*The National Secretary-Treasurer will ensure that there is follow-up with National Directors not complying with the June 2000 decision of the National Executive Board that bank reconciliations are to be completed for each account containing National funds.*

## 7. Expenses for Regional Activities

The National Board of Trustees examined the expense accounts with respect to Union activities for which the National Directors have received an advance. It was noted that only three regions have completed the surplus funds and/or expense reports for all their activities during this verification, as specified in section 5.11 of the National Constitution. Two regions submitted some activity reports while the remaining three regions have not submitted surplus funds and/or expense reports for any of their activities held during this verification period.

It is also important to point out that a total amount of \$924,612.70 is showing as outstanding from advances made to each of the eight regions for scheduled activities over the past ten years. The National Board of Trustees realizes that this amount does not in any way reflect the amount of money that is still in regional bank accounts. However, until the regions complete the surplus funds and/or expense reports for ALL activities, there is no way to know how much money is truly outstanding.

*Therefore, the National Board of Trustees recommends:*

That the National Secretary-Treasurer ensure that section 5.11 of the National Constitution is complied with.

*The National Secretary-Treasurer will continue to follow-up with Regional Offices not complying with section 5.11 of the National Constitution.*

## 8. Travel Expenses

At the beginning of the period of verification there were six regions with union-owned vehicles as per section 7.44 of the National Constitution. We were only able to review the complete vehicle usage logs for one region. Incomplete vehicle usage logs were submitted by one region while the remaining four regions did not submit any vehicle usage logs whatsoever. One region had four long-term rented vehicles with no vehicle logs.

The National Board of Trustees continued to note inconsistencies with proper authorization for the use of personal and rented vehicles. Sections 7.54 to 7.57 of the National Constitution clearly indicate the method of authorization for all expenses at the National and Regional offices.

The National Board of Trustees noted a number of procedural problems with travel arrangements. Travel authorization and receipts for travel are often missing. As well, occasionally airline purchase decisions are made which significantly increases the cost to the Union.

*Therefore, the National Board of Trustees recommends:*

That the National Executive Board compel the delinquent National Directors to supply the vehicle usage logs on a monthly basis.

*National Directors will endeavour to ensure that copies of vehicle logs are submitted to the National Office on a regular basis.*

That proper authorization, as per sections 7.54 to 7.57 of the National Constitution, be obtained for all use of personal or rented vehicles, for flights and other means of transportation.

*Procedures meeting the requirements of sections 7.54 through 7.57 of the National Constitution for the authorization and payment of expenses are in place. The National Secretary-Treasurer will continue to monitor compliance with those procedures.*

That the Union use group purchasing for flights to get the best rates (i.e. for educationals, conferences, etc.).

*The Union uses conference and/or group rates for all meetings requiring flights for 10 or more participants.*

## 9. Union Funds

9.1 The National Board of Trustees was unable to examine the annual audited statements as the accounting firm – Marcil Lavallée – will complete its audit following this verification. The annual audited statements (2001-2002) provide data relating to the General Fund, Defence Fund and Reserve Fund.

9.2 As provided for in section 7.20 of the National Constitution, the monies normally deposited in the Defence Fund were deposited into the General Fund.

9.3 We reviewed the withdrawals from the Reserve Fund for various activities as a result of motions adopted under sections 7.16 and 7.19 of the National Constitution.

9.4 The National Board of Trustees found, for the verification period, that the transfers to the Reserve Fund were not made monthly, as per section 7.17 of the National Constitution.

Although we are aware of the uncertain status of the General Fund, in that a bank overdraft would have occurred had these transfers been made, the National Board of Trustees continues to consider this a serious matter.

*Therefore, the National Board of Trustees recommends:*

9.1 When the final audited financial statements for the period ending June 30, 2002 become available, that they be mailed to the National Board of Trustees.

*The audited financial statements for the period ending June 30, 2002 have now been distributed.*

9.4 That transfers to the Reserve Fund be made as provided for in section 7.17 of the National Constitution.

*Transfers to the Reserve Fund are calculated on a monthly basis. The actual funds are not always transferred monthly in order to avoid overdrafts in the General Fund.*

## 10. Financial Reports

10.1 The National Board of Trustees verified if financial statements were sent to the Locals covering the period under review in accordance with sections 4.49 and 4.53 (m) of the National Constitution. Not all months had been sent at the time of this verification.

10.2 The National Board of Trustees was unable to examine the annual audited statements for 2001-2002 as the accounting firm – Marcil Lavallée – will complete its audit following this verification.

We will do a follow-up on this at our next verification.

10.3 The National Executive Board approved the budget for 2002-2003. However, the National Board of Trustees noted that the projected deficit for the fiscal year is over one million dollars.

The National Board of Trustees is concerned about continued deficits in the General Fund.

*Therefore the National Board of Trustees recommends that:*

10.1 That the National Executive Board ensure that financial reports are sent to Locals, as per sections 4.49 and 4.53 (m) of the National Constitution.

*Financial reports are distributed to Locals following their adoption by the National Executive Board. The NEB acknowledges that the adoption of financial reports has not occurred at each meeting of the NEB. The NEB will endeavour to correct this situation in the future.*

10.2 When the audited financial statements for the period ending June 30, 2002 become available, that they be mailed to the National Board of Trustees.

*The audited financial statements for the period ending June 30, 2002 have been distributed to the National Board of Trustees.*

10.3 That the National Executive Board carry out a detailed investigation of ALL Union expenses incurred, and that its conclusions and recommendations be submitted to the delegates at our next National Convention in 2005, to ensure that the Union's financial affairs are properly managed, as provided for by General Resolution no. 92 adopted at the 2002 National Convention.

*The National Executive Board has included General Resolution 92 from the 2002 National Convention in its work plan and intends to comply with said resolution.*

## 11. Local Financial Reports

The National Board of Trustees reviewed the Annual Financial Statements received from Locals. This review was done approximately eight months after the deadline contained in section 9.28.

There were still 49 Locals that had not remitted their 2001-2002 financial reports and 25 Locals that had not submitted their reports from earlier years.

	Number of locals in region (2)	Reports not received 2001-02	Outstanding reports – 2000-01 and earlier	Locals under Trusteeship (3)	Non-payment to Labour Council (4)
Atlantic	36	2	0	0	9
Québec	31	1	1	0	8
Montréal	1	0	0	0	0
Central	39	12	5	0	12
Toronto	1	0	0	0	0
Ontario	31	12	6	0	6
Prairie	35	16	10	0	12
Pacific	37	7	3	0	13
<b>TOTAL</b>	<b>211</b>	<b>49</b>	<b>25</b>	<b>0</b>	<b>60</b>

(1) Non-payment to Labour Council does not include those Locals that have not filed a financial statement as there is no way of telling if they paid their labour council per capita or not.

(2) Based on available information.

The National Board of Trustees noted problems in the files that were reviewed.

- a) • Fiscal years other than July 1 to June 30 (section 9.28);
- Funds not balancing from one year to the next;
- The section of the report dealing with the bank reconciliation is incomplete or has been improperly filled out;
- Union funds that are not accounted for on the statements.
- b) Some Locals continue to not affiliate with their Labour Council, as provided in section 9.41 of the National Constitution.

Therefore, the National Board of Trustees recommends:

11. a) That the National Secretary-Treasurer write to each Local that is not complying with section 9.28, or has submitted an improperly prepared Annual Financial Statement and indicate the deficiencies;

The National Secretary-Treasurer has allocated administrative support resources to assist with follow-up in respect of delinquent and/or improperly prepared Annual Financial Statements.

That the National Directors provide assistance to those Locals that require help in complying with section 9.28;

National Directors will continue to provide assistance to Locals requiring help in complying with section 9.28.

That when a Local fails to submit its financial report within the prescribed time limits, the National Executive Board shall withhold per capita tax or, in extreme cases, place the Local under trusteeship as per section 9.30 of the National Constitution.

Locals not complying with section 9.28 will have their rebates held at the National Office, as per the provisions of section 9.30.

11. b) That the National Directors ensure that all Locals make their per capita affiliation payments to their respective Labour Council, as per section 9.41 of the National Constitution; and further that the National Executive Board apply section 9.42 of the National Constitution to those who continue to not pay.

National Directors will continue to monitor their Locals in respect of per capita affiliation payments and the NEB will apply the provisions of section 9.42 upon the recommendation of the National Director responsible.

## 12. CUPW Holdings Ltd.

The National Board of Trustees was unable to examine the annual audited statements for 2001-2002 as the accounting firm – Marcil Lavallée – will complete its audit following this verification. CUPW Holdings Ltd. is the company mandated to deal with the administration of four buildings occupied by postal workers. These are:

- 377-385 Bank Street in Ottawa;
- 344 Sovereign Road in London, Ontario;
- 999 Carnarvon Street in New Westminster, British Columbia;
- 5000, des Gradins Boulevard, Suite 340, in Québec City, Québec.

We will do a follow-up on this file at our next verification.

Therefore the National Board of Trustees recommends that:

- When the final audited financial statements for the period ending June 30, 2002 become available, that they be mailed to the National Board of Trustees.

The audited financial statements for the period ending June 30, 2002 have been mailed to the National Board of Trustees.

## 13. Resolutions & Records of Proceedings

The National Board of Trustees verified all resolutions and records of proceedings of the National Executive Board meetings for the period of July 1 to December 31, 2002, for the purpose of verifying financial resolutions, as per section 4.98 (c) of the National Constitution.

The National Board of Trustees noted that a number of motions, involving monetary expenses, were approved. However, the costs of these motions and the source of funding were not always specified.

## 14. Termination of employment and Moving

The National Board of Trustees continued to review the amounts paid to or on behalf of National and Regional Officers and Union Representatives whose employment terminated between July 1<sup>st</sup>, 2002 and December 31<sup>st</sup>, 2002.

Based on a computer printout and our verification work, the following amounts were paid:

- Moving expenses (sections 7.40 and 7.41) paid to 7 members  
**\$ 36,370.02**
- 20 working days (section 7.42) paid to one member  
**\$ 3,791.66**
- Unused annual leave:  
4.5 days  
**\$ 853.12**

The National Board of Trustees noted these payments were consistent with the provisions of the National Constitution.

## 15. Collective Agreement Funds

The National Board of Trustees were informed that the fiscal years of the four funds listed below will be uniform with the fiscal year of the Union:

Appendix "L"	Childcare Fund
Appendix "R"	International Postal Fund
Appendix "T"	Service Expansion & Workplace Development
Appendix "U"	Education Fund

The accounting firm – Marcil Lavallée – will complete its audited reports following this verification for these funds for the period ending June 30, 2002.

The National Board of Trustees will examine the audited statements at the next verification.

Therefore the National Board of Trustees recommends that:

When the audited financial statements for the period ending June 30, 2002 become available, that they be mailed to the National Board of Trustees.

The audited financial statements for the period ending June 30, 2002 have been mailed to the National Board of Trustees.

## 16. Other Collective Agreements to Administer

16.1 All office staff working for CUPW at National and Regional Offices are covered by a collective agreement negotiated between CUPW and OPEIU 225 (Office and Professional Employees International Union). This agreement is to be for the period of January 1, 2000 to December 31, 2001. As of December 31, 2002, there were 50 employees on strength. A new Collective Agreement has not yet been negotiated.

16.2 Specialists and translators at the National Office are covered by a collective agreement negotiated between CUPW and CUPE (Canadian Union of Public Employees). A new collective agreement was ratified on August 24, 2001 and is for the period of November 5, 2001 to November 4, 2003.

As of December 31, 2002, there were fifteen employees on strength covered by this collective agreement.

16.3 The Director of Finance and Administration is part of the National Office staff and is covered by an individual contract.

## 17. Computerization

The National Board of Trustees, as provided for in section 4.98 of the National Constitution, examined computer-related expenses.

For the purposes of this verification, the National Board of Trustees has drawn up summary charts of major expenses incurred over the last five years. These amounts were obtained from the National Secretary-Treasurer and audited financial statements.

### CAPITAL ASSETS (Annual Amortized Cost)

Financial Year	Reserve Fund	General Fund
1996-1997	\$0.00	\$208,808.00
1997-1998	\$0.00	\$820,068.00
1998-1999	\$0.00	\$1,316,882.00
1999-2000	\$1,009,123.00	\$258,653.00
2000-2001	\$277,024.00	\$1,336,337.00
<b>Total</b>	<b>\$1,286,147.00</b>	<b>\$3,940,748.00</b>

### STATEMENT OF REVENUE AND EXPENSES

Financial Year	Reserve Fund	General Fund
1996-1997	\$112,419.00	\$633,167.00
1997-1998	\$0.00	\$730,822.00
1998-1999	\$(269.00)	\$805,273.00
1999-2000	\$0.00	\$392,749.00
2000-2001	\$0.00	\$276,251.00
<b>Total</b>	<b>\$112,150.00</b>	<b>\$2,838,262.00</b>

Total computer expenses accounted for between 1996-2001 amounted to **\$8,177,307.00**.

The National Board of Trustees in no way questions the computerization process the Union has undergone and must pursue. However, the Board of Trustees considers the extent of expenses incurred, the persistent system problems and the legal action undertaken (see National Secretary-Treasurer's report to the 2002 Convention) to be areas of serious concern.

The National Board of Trustees will continue its examination of computer-related expenses at the next verification.

## 18. Payment for union leave (Clause 26.06)

The National Board of Trustees continued to monitor union leave with pay reimbursed to Canada Post as per clause 26.06 of the Collective Agreement.

18.1 In 2001, Canada Post unilaterally withheld \$1.5 million from the National rebate for outstanding Union billed leave:

- Approximately \$250,000 has been recovered from Canada Post;
- Locals will be invoiced for their Union billed leave from National Office in 2003.

18.2 Process for Clause 26.06 Billing:

- Authorization form and instructions to be sent to Locals in the spring of 2003;
- Permanent Bookkeeper working full-time on clause 26.06 billings.

The National Board of Trustees will continue to monitor the new process.

## 19. Expansion of 377 bank street building in Ottawa

The National Board of Trustees noted that the National Executive Board has adopted a recommendation to add a fourth floor to the building located at 377 Bank Street in Ottawa.

This expansion, the cost of which is estimated to be two million dollars, will be funded out of the Defence Fund.

The National Board of Trustees will closely monitor expenses related to this expansion project.

## 20. Grievance Resolution, Article 39 (\$15 million)

The National Board of Trustees noted that on December 31, 2002:

- There were no employees working full-time on this task;
- There is some money being held for distribution to members who have not been located;

The National Board of Trustees will give a final report when the files are closed.

## 21. Check-off and Membership

We have recorded membership statistics using the same terms and definitions as appear on the computer printouts as provided by the National Secretary-Treasurer. The printouts designate all employees as "full-time" or "part-time" with the appropriate membership status as defined in the National Constitution and the Collective Agreements. They are:

- Regular "members"
- Temporary "members"
- F-T MIGS – full-time "members in good standing"
- P-T MIGS – part-time "members in good standing"
- Full-time "members"
- Part-time "members"
- Full-time "Rand"
- Part-time "Rand"
- Active "members"
- Unknown "members"
- Members from other bargaining units
- Payments suspended
- Unapplied payments

Notes:

- The terms "regular" member and "temporary" member as defined in Collective Agreements.
- The terms "member in good standing" (MIGS) and "member" are defined in sections 1.04 and 1.07 of the National Constitution.
- The term "Rand" refers to section 70 of the Canada Labour Code formula for collecting union dues from employees who have either chosen not to become members or who have lost membership status as per section 1.11 of the National Constitution.
- The term "active" members refers to all those members covered by Collective Agreements as opposed to "inactive" members whom are members no longer covered by Collective Agreements (i.e. retired, resigned, deceased, etc.).
- The term "unknown" members refers to all those members that do not have an "employment category" assigned to them. Simply put, they are members that the computer cannot distinguish as being regular, temporary, full-time or part-time members. What we do know is all of them fall under the classification of "Rand". Therefore, it is safe to assume that a high percentage of them are temporaries.
- The union dues received referred to as "payments suspended" are those that are not identified, either because the information stored in the computer at National Headquarters does not correspond with the information provided later by the employers, or because the employers simply do not provide all the necessary information.
- The National Board of Trustees has been advised that "unapplied payments" refers primarily to dues to be returned to members.

This concludes our report, which we now submit to the members of the National Executive Board.

Michel Chevrier, Chairperson  
Metro-Montreal Region

Paul Hand, Member  
Atlantic Region

John Meloche, Member  
Central Region

Svavar Tryggvason, Member  
Pacific Region

George Britton, Secretary  
Prairie Region

Denis Poirier, Member  
Québec Region

Angelo Colacci, 1<sup>st</sup> Alternate Trustee  
Ontario Region

**Chart 1**  
**Change in Group Membership - July 1 to December 31, 2002**

	Group 1	Group 2	Group 3	Group 4	Group 5	Private Sector	Unknown	Total
July	21,458	26,009	783	86	28	500	631	49,495
August	21,402	25,984	768	85	28	511	624	49,402
September	21,287	25,999	770	87	28	523	614	49,308
October	21,276	26,204	769	86	28	527	608	49,498
November	21,620	26,456	770	85	28	536	505	50,000
December	22,202	26,706	770	83	28	541	271	50,601
Change since June 2002	1,546	948	-4	-3	0	58	-18	2,527
Change since January 2002	470	803	-7	2	0	81	-587	762

*Chart # 1 divides the entire membership into groups, private sector members and unknown members. The numbers reflected in the chart also include temporary employees.*

**Chart 2**  
**Change in full-time, part-time and temporary - July 1 to December 31, 2002**

	Full-time	Part-time	Temporary	Unknown
July	34,960	7,018	7,487	49
August	34,991	6,916	7,472	49
September	35,007	6,908	7,363	51
October	35,140	6,915	7,390	51
November	35,205	6,963	7,842	44
December	35,210	7,069	8,279	43
Change	250	51	889	-6
Change since June 2002	315	178	2,048	-14
Change since January 2002	396	194	187	-15

*Chart # 2 divides the entire membership into full-time, part-time, temporary and unknown members.*

**Chart 3**  
**Change in membership status - July 1 to December 31, 2002**

	MIGS	Members	Rand	Unknown
July	42,030	2,755	4,680	49
August	42,034	2,736	4,609	49
September	41,968	2,734	4,576	51
October	42,160	2,763	4,522	51
November	42,428	2,790	4,792	44
December	42,690	2,790	5,078	43
Change since June 2002	1,397	-155	1,299	-14
Change since January 2002	1,102	-291	-34	-15

*Chart # 3 divides the entire membership into the number of members in good standing, members, Rand members and unknown members.*

*The numbers reflected in the chart also include temporary employees.*

*Note: The bottom line of each chart indicates the change in the number of members from July 1st to December 31, 2002 and also the changes from January 1, 2002*

*to December 31, 2002. This will allow the membership to see how these changes occur for the period of our verification as well as the changes for the entire year. It is also important to note that the numbers in each chart were obtained from computer printouts provided by the Director of Finance and Administration under the direction of the National Secretary-Treasurer.*

**Chart 4**  
**Revenue and Expenses - December, 2002**

Payment received		\$ 2,920,947.68
Dues from refund balance		\$ 1,037.29
Dues suspensions released		\$ 6,107.85
<b>Total Revenue</b>		<b>\$ 2,927,392.82</b>
Local rebate	\$ 649,908.54	
Extra Local rebate	\$ 30,239.00	
Local assessments	\$ 135,083.28	
<b>Total Local Payments</b>		<b>\$ 782,748.85</b>
Federations of Labour per capita		\$ 32,481.97
Optional insurance		\$ 173,238.28
Dues Unapplied and Suspended		\$ 19,438.15
Payments suspended		\$ 66,429.32
Basic insurance		\$ 56,689.00
Reserve Fund		\$ 97,486.36
General Fund		\$1,755,569.89
<b>TOTAL DISTRIBUTION</b>		<b>\$2,927,392.82</b>

*\* The amount shown as "Total Local Payments" includes a deduction for the payments to the Federations of Labour.*

*Chart # 4 above provides a financial view of the distribution of funds received for the month of December, 2002 only.*