



# Annual Report of the Joint Executive Council 2012

Since preparation of this annual report began, events have overtaken the writers and printers.

Specifically, it was not possible to precisely predict the tentative settlement of a renewed collective agreement with Advance Engineered Products Ltd. covering the 200 or so employees of the company in Regina. Nor was it possible to predict that between the bargaining meeting on February 21 and the beginning of March that the entire company bargaining committee would be replaced.

Notwithstanding the shift in management at Advance, the Local 8 bargaining committee was able to maintain a perspective and diligence that resulted in the tentative settlement of a new collective agreement on March 20, 2012. This settlement was approved by a strong majority of the members. It provides general wage increases of 3.5% in each year of a two year agreement and the addition of a new six week vacation clause.

While this was going on Viterra, the biggest employer GSU bargains with, became the subject of a publicly revealed takeover on March 9, 2012. It appears the takeover will be completed in the beginning of July, 2012 .

The Glencore takeover of Viterra, including Agrium and Richardson/Pioneer as partners, involves the division of Viterra into three.

Most of Viterra's agro operations in Saskatchewan will go to Agrium; affecting 220 or so employees. A chunk of Viterra's grain handling operations in Saskatchewan will go

to Richardson/Pioneer; affecting 130 or so employees.

The remainder, as announced by Glencore, will be employed in the former Viterra head office, agro and grain handling operations (680 or so employees, including the Regina head office).

To say the least, this takeover is quite a change for everyone who is employed by Viterra.

GSU has actively responded to the takeover process with the primary objective of defending the jobs of the Viterra employees the union represents.

Given the realities of this situation, GSU is actively promoting the welfare of Viterra employees and has taken steps to ensure continuation of union representation for the working people it represents, regardless of who their new employer might be.

This is the time to organize.

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We welcome the opportunity to report to GSU members on the business of your union. We also welcome GSU's newest members of the Advance Employees' Association/Local 8 and the newly certified bargaining unit of Viterra/Hi-Pro feed mill employees in Chilliwack, BC.

## **GSU Constitution and Bylaws**

As proposed by the Joint Executive Council (JEC), sub-section 8.8 of the union's constitution was amended by deleting the

previous wording and replacing it with wording to include new Local 8 comprising members of the Advance Employees' Association in Regina and Saskatoon.

The motion to amend the constitution was voted on at the 2011 local and sub-local annual meetings. 96.62 percent of voting members voted in favour of the resolution to amend GSU's constitution.

On January 17, 2012, General Secretary Wagner reported the tabulation of results of the voting on the constitution amendment to the JEC.

As reported by Wagner, the constitution and bylaw amendment resolution submitted to the annual local meetings was approved by more than two-thirds of those voting. Accordingly, the amended constitution became effective January 1, 2012.

Delegates to GSU's 2012 Policy Convention also voted to approve the following amendments to the union's constitution:

Amending section 8 – Locals by amending sub-section 8.9 – Local 9 to provide for GSU's newest local, comprising the bargaining unit of employees working at the Viterra/Hi-Pro feed mill in Chilliwack, British Columbia; and, by deleting sub-section 8.10 – Local 10 and re-numbering subsections 8.11, 8.12 and 8.13 accordingly.

Amending Appendix A by deleting section III which referred to the Alberta/Manitoba bargaining unit of Viterra (previously AgPro) employees.

## **GSU Finances**

GSU is in good financial shape. The audited financial statements, which are included with this report, show that GSU had an operating surplus of \$8,052 as of December 31, 2011. All of GSU's financial commitments are current, and the union

continues to have a solid financial base, as illustrated by the balance sheet in the audited financial statements.

Pages 11 and 12 of the audited financial statements describe the various expenses incurred by GSU during the 2011 fiscal year compared to the expenses incurred in 2010. Overall, GSU's operating expenses were on par compared to the previous year, but it should be noted that 2011 was exceptional, as a result of the seventy-fifth anniversary activities and greater uptake of the Community Connection program.

In 2011, GSU continued to have significant legal expenses as a result of grievance arbitrations and related litigation. Given the current environment, it is not expected that expenses in this area will decline in fiscal 2012. A single grievance/arbitration that affects the rights and working conditions of a broad cross-section of employees in a bargaining unit(s) can result in significant expenditures.

Notwithstanding the costs associated with protecting employees' bargained rights, the benefits are also significant, as illustrated in GSU's arbitration win over Viterra's administration of vacation pay on overtime pay. To date, the amount paid into trust by Viterra in relation to the arbitration award is well in excess of \$300,000. The employer's latest attempt to overturn the final and binding arbitration award is expected to be heard by the Saskatchewan Court of Appeal later this spring.

GSU will also continue to commit resources to union education, community involvement, and member recognition. In this connection, important education initiatives were carried out with delegates to the Policy Convention in March 2012. Membership meetings in February and the beginning of March focused on bargaining preparation and learning the collective agreement. Including an education component in membership meetings is a new and valuable initiative by GSU for members.

In addition to collective bargaining, servicing, and representation, it is essential to nurture the linkages and forge the relationships that renew and strengthen your union. To this end, GSU continues to be an active participant in the community and the labour movement, and we encourage more members to get even more involved.

GSU's Community Connections initiative is another way for the union to give back to the communities our members live and work in. Building community is essential to the well being of our society. Prosperity is good for those who are able to share in a growing economy, but strong communities are the bedrock of democracy for working people.

With all of the foregoing being said, GSU will incur a substantial increase in expenses in 2012 as a result of agreement renewal bargaining with Viterra and any other contingencies that enterprise brings. In addition, GSU will incur new expenses arising from the bargaining of a first collective agreement on behalf of the employees working at the Viterra/Hi-Pro feed mill in Chilliwack, BC.

## **Labour Legislation**

On February 6, 2012, organized labour in Saskatchewan scored an important victory when Court of Queen's Bench Justice Dennis Ball found that the provincial government's 2008 Public Services Essential Services Act (PSES Act) was in violation of the freedom of association provided by Canada's Charter of Rights and Freedoms. The landmark decision ruled that the right to strike is an inherent component of the freedom of association and that laws interfering with the right to strike are required to have corresponding offsets, including effective collective bargaining dispute provisions.

Unfortunately, Justice Ball's decision did not include a similar finding with respect to the 2008 amendments to the Saskatchewan

Trade Union Act, which abolished the union card-check process in favour of mandatory representation votes for certification of the union chosen by a majority of workers in a proposed bargaining unit. Nor did Justice Ball find that the expansion of employer communication rights in the Trade Union Act is a violation of the Charter.

Since February 6, there has been a lot of debate within the labour movement about how best to respond to the smack down of the PSES Act and the fact that Justice Ball's decision left standing the 2008 amendments to the Trade Union Act. In this debate,

GSU's Executive Committee and General Secretary have urged that the public sector unions most affected by essential services legislation should take the lead in responding to the provincial government and any subsequent actions it takes, whether it be new legislation or an appeal of Justice Ball's decision.

With regard to the 2008 amendments to the Trade Union Act, GSU's Executive Committee and General Secretary have argued that even though we disagree with Justice Ball's decision, there should not be an appeal to higher courts. What we have urged instead is that the resources that would be expended on an appeal should be devoted to advocacy for unionization of wage earners, particularly in the private sector.

At the same time as the foregoing debate has been joined, the labour movement is contending with the prospect of new legislation in Saskatchewan as announced by the provincial government on May 3, 2012, and federally, with regard to union dues and expenditure of union dues in the form of a private member's Bill (C-377). These legislative initiatives are said, by their sponsors to be about renewal of labour law and transparency. The sweeping review of labour legislation in Saskatchewan and is not based on any factual presentation of problems with existing labour legislation.

Bill C-377 and the Saskatchewan Government's review of labour legislation are only on the agenda because some politicians, pundits and pro-business lobbyists are promoting the idea that unions should be weakened and should not be allowed to advocate publicly for their members. Interestingly, no such restrictions are being proposed for business enterprises or their associations and lobbyists.

Unions in Canada, including GSU, publish their audited financial statements, and union members have the right to raise any questions they may have regarding revenues, expenditures, and union resources. GSU has always encouraged its members to inquire about the expenditure of their union dues; and when they ask questions, the answers are provided.

The real question is whether governments should tell you how your union dues are accounted for and spent. Should governments pass freeloader laws and/or restrictive regulations when it comes to union dues? Would it not be better if governments acted more transparently themselves instead of trying to tell you how run your union?

### **GSU Defense Fund**

At December 31, 2011, the GSU Defense Fund had overall assets of \$2,600,000 based on market values.

From January 1 to December 31, 2011, the market value of investments held with Investors Group declined by 12.74 percent while the value of investments with RBC Dominion Securities declined by 2.64 percent.

No grants were made to GSU operations from the Defense Fund; however, in the fall of 2011, GSU borrowed an additional \$75,000 at six percent interest to pay for renovations to the union office building in Regina.

Repayment of the loan began on October 1, 2011.

At its autumn 2011 semi-annual meeting, the Joint Executive Council debated whether to recommend continuing or ceasing the additional dues being paid into the GSU Defense Fund. As a result of this debate, the Council submitted a motion continue the additional dues to annual membership meetings. The motion was voted on and approved by 86.05 percent of the members who voted.

Accordingly, the additional dues will continue to be paid for 2012 and will be voted on again at the annual meeting in the fall.

### **Union Communication, Education and Information**

In March 2009, GSU returned to a proactive education program for members, elected officers and stewards. Three years later we have to acknowledge that our education efforts require an even bigger push in order to overcome the obstacles of prospective students' available time available officer/staff time to serve participants and resources.

Devoting the effort and resources to union education is essential to a vital and vibrant union. The essential question is how to budget sufficient time and money, when the lion's share of your union's resources are devoted to bargaining and serving members.

Internal union communication is a constantly-evolving part of the GSU's functioning. We continue to publish a hard-copy newsletter and periodic electronic information supplements, thanks to Staff Rep Steve Torgerson and assistant general secretary Lynn Woods-Nordin. In addition GSU has produced a re-designed GSU web site.

Are there other ways GSU can keep you better informed? Let us know.

In February 2012, GSU again conducted a survey of members to determine what is wanted, expected, valued, not valued, and how the day-to-day operation of the union can be made more relevant to members. The response rate to the survey was excellent.

One of the most effective ways to generate discussion of current issues occurs when workers discuss these issues with one another. This dialogue can occur at work, or after work in more comfortable environments. Getting people to talk with one another about the issues is essential.

Delegates to the 2012 GSU Policy Convention reviewed the member survey responses and developed a strategy to embrace and reflect the views of union members. Going forward, GSU's objective is to implement the policies members have identified as being crucial to their identification with their union.

## **2012 Policy Convention**

From March 22 to 24, 2012, GSU held its tenth Policy Convention, and delegates from around the union gathered to review and develop the union's policies and strategic plans.

We urge members to make attendance and resolutions to GSU Policy Conventions, Local meetings and other union activities a priority. The world is a constantly changing place, and it is essential for unions to adapt and change while continuing to promote the core values of collective action, community, equality and solidarity.

To help carry out GSU's ambitious and forward-looking agenda, delegates to the 2012 Policy Convention elected the following union members to be your President, Vice Presidents, and General Secretary for the next two years:

President: Carolyn Illerbrun

Vice President: Jim Brown  
Vice President: Mandy Windecker  
General Secretary: Hugh Wagner

## **Collective Bargaining**

Collective bargaining is one of the primary purposes of GSU and in 2012 bargaining the renewal and settlement of five collective agreements are on the union's agenda:

- Viterra Country Operations and Maintenance Local 1 (Saskatchewan)
- Viterra Regina Head Office Local 2 (Saskatchewan)
- Wild West Steelhead Local 6 (Saskatchewan)
- Heartland Livestock Local 7 (Saskatchewan)
- Viterra/Hi-Pro Feed Mill Local 9 (Chilliwack, BC).

In reality, collective bargaining never actually stops. It just takes on a different focus depending on whether the members are in renewal or administration phases.

Thanks to the hard work and dedication of staff reps Lawrence Maier, Dale Markling, and Steve Torgerson, together with the many committed members and elected officers, GSU continues to provide top-notch assistance and service to workers in the union's bargaining units.

All of GSU's work is made more effective and efficient thanks to the creativity and dedication of Lynn Woods-Nordin, Dorothy Merk and Brittany Weber. Without their collective and individual contributions, GSU would not function at the high-quality level we've all come to expect.

## **The Political Economic Climate**

Despite the boom times in Western Canada and the general narrative that Canada has escaped the worst vestiges of the economic calamity affecting other capitalist economies,

this has not translated into a favourable climate for organized labour or civil rights.

If anything, it seems that most businesses and business lobby groups are at least as hostile to unionization, if not more, than they were in the 1930s, or in the entirety of the last century.

Not since then, or earliest days of the Cold War and the McCarthy era of the 1950s, have we seen the kind of concerted corporate assault on civil rights, labour rights and trade union rights that we are seeing today.

All we have to do is consider what has happened, or may be happening, in relation to labour legislation, defined benefit pension plans, Old Age Security, internet monitoring legislation, federal funding for international aid and citizens rights advocacy in order to get a sense that the rights of working people and citizens are under a concerted, well-organized attack.

Those in business or government who campaign against strong trade unions and civil rights are aided by citizen apathy, distraction and the absence of a cohesive extra-parliamentary opposition. They not bothered by the fact that their claims are baseless. Their objective is to knock us down so they can line their own pockets and consolidate their grip on political power.

Our movement was founded on the principles that what we have, we want for all others, and an injury to one is an injury to all.

It is time for each of us to re-dedicate ourselves to those principles by getting involved in the struggle for a just and more democratic society. We can't have one without the other, and we can't possibly sustain our good fortune or improve on it if others around us are experiencing the

destruction of their rights and welfare as citizens of this country.

If we sacrifice our freedom as a people in the name of perceived security or material success, we will have neither.

## **Organizing**

In July 2011 and on February 16, 2012, we welcomed the Advance Employees' Association and the Viterra/Hi-Pro feed mill workers into the GSU family. We wish them a long and happy participation in our union.

We salute the members and leaders of both new additions to GSU for their courage and daring in making the leap to GSU. Thanks to them, and thanks to you, for providing a culture that embraces new members.

GSU always follows up with groups of working people who are interested in working with us. If you know of workers who want to join our union, let us know. Organizing is essential, because it requires the union to be relevant and an agent of positive change in a hostile environment.

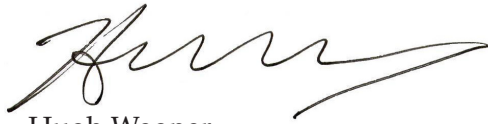
Organizing is the ultimate entrepreneurial venture. It requires acting on your beliefs, and it requires you to convince others to believe. Organizing requires the up front investment of capital and labour without any guarantee of a return. We do it because we should. If GSU's founders had been deterred by misfortune, and hostility there would be no GSU today.

## **Conclusion**

In this annual report, we have attempted to report on your union's business and present our analysis of what is to be done. As always, it is a pleasure—and often a challenge—to serve you. We look forward to continuing to work with you on behalf of GSU, in the cause

of workplace democracy, which your union,  
and only your union, advocates in your  
workplace.

On behalf of the Joint Executive Council  
Grain and General Services Union  
(ILWU • Canada)



Hugh Wagner  
General Secretary

*Approved by the Joint Executive Council at GSU's  
biennial policy convention in March 2012*

## **2012 Joint Executive Council**

Carolyn Illerbrun, **President**  
Jim Brown, **Vice President**  
Mandy Windecker, **Vice President**

### **Local 1 - Viterra Ops & Maintenance**

Dave Boulding  
Ken Clemence  
Tim Harper  
Wilfred Harris  
Brian Lark  
Brett North  
Brent Pelechaty  
Brian Sansom

### **Local 2 - Viterra Head Office**

Anna Hilt  
Robin Taylor

### **Local 3 - Unisource**

David Ficzel

### **Local 4 - Grain Millers**

Dixie Kolodziejak  
Darren Zastrizny

### **Local 5 - Western Producer**

Michelle Houlden

### **Local 6 - Wild West Steelhead**

Gord Grande

### **Local 7 - Heartland Livestock**

Heather Mackay

### **Local 8 - Advance Employees Assoc.**

Wayne Best  
Albert Buttner  
Brad Millard  
Doug Murray

### **Local 9 - Viterra/Hi-Pro Feed Mill**

Larry Perry

### **Local 11 - Printwest**

Perry Switzer

### **Local 12 - Hillcrest Farms**

Gord Thoms

### **Local 13 - IATSE Local 295**

Michelle Johnson

**GRAIN AND GENERAL SERVICES UNION  
(ILWU. CANADA)**

**Financial Statements  
Year Ended December 31, 2011**



## **Management's Responsibility for Financial Reporting**

The financial statements of the Grain and General Services Union (ILWU, Canada) have been prepared in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Grain and General Services Union (ILWU, Canada)'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Joint Executive Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Joint Executive Council is appointed by the members and meets periodically with management and the auditors to review significant accounting, reporting and internal control matters. Following their review of the financial statements and discussions with the auditors, the Joint Executive Council reports to the members prior to their approval of the financial statements. The Council also considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Mintz & Wallace, in accordance with Canadian generally accepted auditing standards.

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General Secretary

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President

Regina, Saskatchewan  
March 9, 2012

## **INDEPENDENT AUDITORS' REPORT**

**To the Joint Executive Council of:  
Grain and General Services Union (ILWU. Canada)**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Grain and General Services Union (ILWU. Canada), which comprise the statement of financial position as at December 31, 2011, and the statement of operations and net assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements are presented fairly, in all material respects, the financial position of Grain and General Services Union (ILWU. Canada) as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

REGINA, Saskatchewan  
March 9, 2012

  
Mintz & Wallace  
Chartered Accountants LLP

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Statement of Financial Position As at December 31, 2011

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2011 Total	2010 Total
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash						
- Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,724
- Restricted	-	14,993	296,163	6,512	317,668	150,511
Accounts receivable	100,839	722	14,160	-	115,721	123,472
Interest receivable	-	-	3,687	-	3,687	3,550
Prepaid expenses	8,414	-	-	-	8,414	3,294
Interfund (Note 5)	(269,061)	5,996	264,427	(1,362)	-	-
	(159,808)	21,711	578,437	5,150	445,490	409,551
<b>CAPITAL ASSETS (Note 3)</b>	138,755	226	-	-	138,981	117,285
<b>INVESTMENTS (Note 4)</b>	-	-	2,277,080	-	2,277,080	2,475,479
	\$ (21,053)	\$ 21,937	\$ 2,855,517	\$ 5,150	\$ 2,861,551	\$ 3,002,315
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT</b>						
Bank indebtedness (Note 6)	\$ 22,406	\$ -	\$ -	\$ -	\$ 22,406	\$ -
Accounts payable and accrued liabilities	17,225	-	-	-	17,225	59,336
Severance payable	-	-	-	-	-	87,651
Interest payable	1,200	-	-	-	1,200	1,032
	40,831	-	-	-	40,831	148,019
<b>LONG-TERM LIABILITIES</b>						
Long-term interfund loan (Note 5)	11,211	-	(11,211)	-	-	-
Long-term debt (Note 7)	40,000	-	-	-	40,000	40,000
	92,042	-	(11,211)	-	80,831	188,019
<b>COMMITMENTS (Note 13)</b>						
<b>NET ASSETS</b>						
Unrestricted	(113,095)	-	-	-	(113,095)	(121,147)
Restricted	-	21,937	2,866,728	5,150	2,893,815	2,935,443
	(113,095)	21,937	2,866,728	5,150	2,780,720	2,814,296
	\$ (21,053)	\$ 21,937	\$ 2,855,517	\$ 5,150	\$ 2,861,551	\$ 3,002,315

See accompanying notes

Approved by the Council:

\_\_\_\_\_ Officer

\_\_\_\_\_ Officer

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Statement of Operations and Net Assets Year Ended December 31, 2011

	<u>Operating Fund</u>	<u>Solidarity Fund</u>	<u>Defense Fund</u>	<u>Certification Protection Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
<b>REVENUE</b>						
Memberships dues (Note 8)	\$ 1,210,732	\$ 8,628	\$ 166,543	\$ -	\$ 1,385,903	\$ 1,433,484
Miscellaneous income	3,154	-	-	-	3,154	4,214
Donations	-	300	-	-	300	1,880
Investment income	(1,438)	8	94,553	-	93,123	47,486
Unrealized gains (losses)	-	-	(272,234)	-	(272,234)	123,417
	<u>1,212,448</u>	<u>8,936</u>	<u>(11,138)</u>	<u>-</u>	<u>1,210,246</u>	<u>1,610,481</u>
<b>EXPENDITURES (Schedules 1 &amp; 2)</b>						
Meetings	183,945	-	3,353	14,852	202,150	213,058
Administration	913,907	56	15,440	-	929,403	865,702
Affiliation and organization	81,275	5,725	-	-	87,000	74,083
Building	25,269	-	-	-	25,269	30,759
	<u>1,204,396</u>	<u>5,781</u>	<u>18,793</u>	<u>14,852</u>	<u>1,243,822</u>	<u>1,183,602</u>
<b>EXCESS OF (EXPENDITURES) REVENUES</b>	8,052	3,155	(29,931)	(14,852)	(33,576)	426,879
<b>NET ASSETS - beginning of year</b>	<u>(121,147)</u>	<u>18,782</u>	<u>2,896,659</u>	<u>20,002</u>	<u>2,814,296</u>	<u>2,387,417</u>
<b>NET ASSETS - end of year</b>	<u>\$ (113,095)</u>	<u>\$ 21,937</u>	<u>\$ 2,866,728</u>	<u>\$ 5,150</u>	<u>\$ 2,780,720</u>	<u>\$ 2,814,296</u>

See accompanying notes

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Statement of Cash Flow Year Ended December 31, 2011

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2011 Total	2010 Total
<b>OPERATING ACTIVITIES</b>						
Excess of revenues	\$ 8,052	\$ 3,155	\$ (29,931)	\$ (14,852)	\$ (33,576)	\$ 426,879
Plus items which do not require cash outlay:						
- realized (gains) losses on sale of investments	-	-	(27,701)	-	(27,701)	(12,681)
- unrealized (gains) losses on market value adjustment	-	-	272,234	-	272,234	(123,417)
- amortization	4,511	56	-	-	4,567	4,858
	<u>12,563</u>	<u>3,211</u>	<u>214,602</u>	<u>(14,852)</u>	<u>215,524</u>	<u>295,639</u>
Net change in non-cash current assets and liabilities						
Accounts receivable	7,991	(46)	(194)	-	7,751	(13,478)
Interest receivable	-	-	(137)	-	(137)	(1,497)
Prepaid expenses	(5,120)	-	-	-	(5,120)	4,487
Accounts payable and accrued liabilities	(129,594)	-	-	-	(129,594)	32,632
Net cash from (used in) operating activities	<u>(114,160)</u>	<u>3,165</u>	<u>214,271</u>	<u>(14,852)</u>	<u>88,424</u>	<u>317,783</u>
<b>FINANCING ACTIVITIES</b>						
Interfund transfers	23,990	(6,043)	(19,309)	1,362	-	-
Repayment of interfund loan	(34,697)	-	34,697	-	-	-
Net cash from financing activities	<u>(10,707)</u>	<u>(6,043)</u>	<u>15,388</u>	<u>1,362</u>	<u>-</u>	<u>-</u>
<b>INVESTING ACTIVITIES</b>						
Purchase of investments	-	-	(267,442)	-	(267,442)	(598,630)
Proceeds on sale of investments	-	-	221,308	-	221,308	171,008
Purchase of capital assets	(26,263)	-	-	-	(26,263)	-
Net cash from investing activities	<u>(26,263)</u>	<u>-</u>	<u>(46,134)</u>	<u>-</u>	<u>(72,397)</u>	<u>(427,622)</u>
<b>INCREASE (DECREASE) IN CASH RESOURCES</b>						
	(151,130)	(2,878)	183,525	(13,490)	16,027	(109,839)
CASH - beginning of year	<u>128,724</u>	<u>17,871</u>	<u>112,638</u>	<u>20,002</u>	<u>279,235</u>	<u>389,074</u>
CASH - end of year	\$ <u>(22,406)</u>	\$ <u>14,993</u>	\$ <u>296,163</u>	\$ <u>6,512</u>	\$ <u>295,262</u>	\$ <u>279,235</u>
Cash consists of the following:						
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,724
Restricted	-	14,993	296,163	6,512	317,668	150,511
Bank indebtedness	(22,406)	-	-	-	(22,406)	-
	\$ <u>(22,406)</u>	\$ <u>14,993</u>	\$ <u>296,163</u>	\$ <u>6,512</u>	\$ <u>295,262</u>	\$ <u>279,235</u>

See accompanying notes

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Notes to the Financial Statements December 31, 2011

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### 1. NATURE OF OPERATIONS

Grain and General Services Union (ILWU. Canada) (the union) is a not-for-profit organization and as such, it is exempt from income taxes. Its sole purpose is to represent employees of:

Local 1 - Viterra (operations and maintenance)  
Local 2 - Viterra (head office)  
Local 3 - Unisource Canada Inc.  
Local 4 - Grain Millers Canada Corp.  
Local 5 - Western Producer Publications (GVIC)  
Local 6 - Wild West Steelhead  
Local 7 - Heartland Livestock Services  
Local 8 - Advance Employees Assoc.  
Local 11 - PrintWest Communications  
Local 12 - Hillcrest Farms  
Local 13 - IATSE #295

The Union is certified to represent these employees by the Canada Labour Code and the appropriate Provincial Labour Relations Acts. The Union also provides administrative, arbitration, bargaining and research services.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Union have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

#### Revenue recognition

Membership dues are recognized in the period in which they are withheld from the member by the bargaining unit.

The Union follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The portion of unrestricted contributions to be used for international and local development is recognized as revenue of the Solidarity Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for member use in the event of a strike are recognized as revenue in the Defense Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Notes to the Financial Statements December 31, 2011

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### 2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

#### Fund accounting

A portion of the monies received by the Union may only be used for specific purposes and accordingly are accounted for in separate funds. Temporary transfers of monies between these funds are recorded as interfund receivables/payables. Permanent transfers are recorded as transfers in the net asset accounts.

Funds included in these statements are:

- Operating - records the day to day operations of the Union.
- Defense - receives local strike assessments and supports members in the event of a dispute.
- Solidarity - to assist international and local development projects at the discretion of the Joint Executive Council.
- Certification Protection - to compensate members who are off the job while being trained to manage de-certification situations.

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Building and office equipment are amortized over their estimated useful lives at the following rates and methods:

Building	5%	declining balance method
Office equipment and furniture	20%	declining balance method

Assets under construction are not amortized until the assets are in use. The Union regularly reviews its capital assets to eliminate obsolete items.

#### Investments

Investments are accounted for as Held-for-Trade financial assets. Under this method, the investments are reported at fair market value and unrealized gains and losses are included in investment income and recognized as revenue in the statement of operations and net assets.

#### Financial instruments

Cash and investments are classified as held-for-trade and are measured at fair market value. Receivables are classified as loans and receivables and are measured at amortized cost. Bank indebtedness, accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are measured at amortized cost.

As at December 31, 2011 and December 31, 2010, the Union does not have any outstanding contracts or financial instruments with embedded derivatives.

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Notes to the Financial Statements December 31, 2011

### 3. CAPITAL ASSETS

	-----2011-----			---2010---
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building	90,625	63,125	27,500	28,947
Assets under construction	24,000	-	24,000	-
Office equipment and furniture	<u>144,840</u>	<u>132,359</u>	<u>12,481</u>	<u>13,338</u>
	\$ <u>334,465</u>	\$ <u>195,484</u>	\$ <u>138,981</u>	\$ <u>117,285</u>

Assets under construction are the costs related to the construction of a new porch on the building that was not ready for use by yearend, and therefore has not been amortized.

In requirement of owning real property, the Union holds beneficial title to the assets through a bare trustee Grain Services Holdings Inc.

### 4. INVESTMENTS

	<u>Interest</u>	<u>Matures</u>	<u>2011</u>	<u>2010</u>
Common shares			\$ 633,859	\$ 690,318
Investors Group mutual funds			1,127,847	1,292,542
Affinity Credit Union term investment	1.55%	Apr 1/13	50,000	50,000
Fixed Income Bonds:				
Government of Canada	3.75%	June 1/19	48,055	44,262
Canada Housing Trust	4.00%	June 15/12	43,558	44,441
Canada Housing Trust	4.05%	March 15/11	-	44,255
Canada Housing Trust	3.80%	June 15/21	52,527	-
Canada Housing Trust	3.60%	June 15/13	44,552	44,679
Financement Quebec	4.25%	March 1/14	44,671	44,474
Province of Ontario	4.20%	March 18/18	47,030	44,151
Province of Ontario	4.40%	March 8/16	45,603	43,968
Province of Ontario	4.20%	June 2/20	48,024	44,342
Province of New Brunswick	4.50%	February 4/15	44,856	44,109
Province of Quebec	4.50%	December 1/17	46,498	43,938
			\$ <u>2,277,080</u>	\$ <u>2,475,479</u>



# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Notes to the Financial Statements December 31, 2011

### 5. INTERFUND TRANSFERS AND BALANCE

During 2011, the Union administered funds on behalf of the Defense and Solidarity Funds, which resulted in the following payable:

	<u>2011</u>	<u>2010</u>
Solidarity Fund	\$ 5,996	\$ (47)
Certification Protection	(1,362)	-
Defense Fund - non-interest bearing	<u>264,427</u>	<u>245,118</u>
	<u>269,061</u>	245,071
Defense Fund – interest bearing	<u>11,211</u>	<u>45,908</u>
	<u>\$ 280,272</u>	<u>\$ 290,979</u>

On February 1, 2005 the operating fund borrowed \$100,000 from the Defense Fund. The loan bears interest at 6% per annum and is repayable in monthly blended payments of \$3,042. The loan was to mature on February 1, 2010, but additional advances were made on June 27, 2007 and December 23, 2010 for \$50,000 and \$85,000 respectively and are to be repaid under similar terms. This new loan expires April 1, 2012. During the year there was an approval for a further advance of \$75,000 that had not been drawn by the yearend.

### 6. BANK INDEBTEDNESS

Bank indebtedness shown on the statement of financial position arises from cheques issued in excess of funds on deposit.

### 7. LONG-TERM DEBT - Operating Fund

	<u>2011</u>	<u>2010</u>
Term loan payable to Local 2 with no specific repayment terms and currently paying interest at 3.00%.	<u>\$ 40,000</u>	<u>\$ 40,000</u>

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Notes to the Financial Statements December 31, 2011

### 8. MEMBERSHIP DUES

Funds received by the Operating Fund related to membership dues were:

	<u>2011</u>	<u>2010</u>
Local 1 (Viterra country operations and maintenance)	\$ 872,961	\$ 861,111
Local 2 (Viterra head office)	147,228	134,910
Local 3 (Unisource Canada Inc.)	569	728
Local 4 (Grain Millers Canada Corp.)	54,503	61,321
Local 5 (Western Producer)	51,365	49,971
Local 6 (Wild West Steelhead)	8,877	8,711
Local 7 (Heartland Livestock)	16,804	14,966
Local 8 (Viterra Alberta & Manitoba operations)	19,758	100,949
Local 8.1 (Advance Employees Association)	30,006	-
Local 9 (Finora Inc.)	-	6,053
Local 10 (Carmen Bean)	-	7,502
Local 11 (Printwest Communications)	6,234	3,953
Local 12 (Hillcrest Farms)	507	424
Local 13 (IATSE - Regina)	<u>1,920</u>	<u>1,833</u>
	<u>\$ 1,210,732</u>	<u>\$ 1,252,432</u>

Funds received by the Defense Fund (excluding interest):

	<u>2011</u>	<u>2010</u>
Local 1 (Viterra country operations and maintenance)	\$ 108,114	\$ 113,535
Local 2 (Viterra head office)	19,371	17,998
Local 4 (Grain Millers Canada Corp.)	8,978	10,831
Local 5 (Western Producer)	7,804	6,610
Local 6 (Wild West Steelhead)	2,573	2,913
Local 7 (Heartland Livestock)	3,100	5,628
Local 8 (Viterra Alberta & Manitoba operations)	2,656	13,607
Local 8.1 (Advance Employees Association)	13,495	-
Local 9 (Finora Inc.)	-	1,234
Local 10 (Carmen Bean)	-	1,218
Local 12 (Hillcrest Farms)	152	186
Local 13 (IATSE - Regina)	<u>300</u>	<u>240</u>
	<u>\$ 166,543</u>	<u>\$ 174,000</u>

### 9. LEASE COMMITMENTS

The Union has long-term leases with respect to its office equipment. Future minimum lease payments as at December 31, 2011, are as follows:

2012 - \$	13,441
2013 - \$	12,271
2014 - \$	11,101
2015 - \$	4,285
2016 - \$	4,285

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Notes to the Financial Statements December 31, 2011

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### 10. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

### 11. FINANCIAL INSTRUMENTS

The Union's financial instruments consist of cash, accounts receivable, interest receivable, investments, bank indebtedness, accounts payable and accrued liabilities, and long-term debt.

#### Business risk

As a result of the nature of the Union's operations, it may be exposed to various forms of risk. Those forms of risk include credit risk, interest rate risk, and liquidity risk.

#### Credit risk

Credit risk is the risk of financial loss resulting from default of financial obligations by a debtor to the Union. These obligations are primarily dues withheld from employees that are due to the Union and it is management's opinion this risk is low since dues are remitted promptly.

Due to the nature of investments and their susceptibility to changes in market value, the associated credit risk is reflected in the market value of the investments, as reported in Note 4.

#### Interest rate risk

The union's interest rate risk is nominal. While interest rate fluctuations affect the return on investments, this can be managed.

While the Union does have some long term debt, the interest is at market rate and the term loan is owed to a related partner union and as a consequence the risk is nominal.

#### Liquidity risk

Liquidity risk is the risk of financial loss in the event that the Union will not be able to fund obligations as they become due. Liquidity risk is not considered significant because the union has historically been able to access resources of the defense fund. In the event of a prolonged strike with a larger local this risk would increase.

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Notes to the Financial Statements December 31, 2011

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### 11. FINANCIAL INSTRUMENTS - cont'd

#### Fair value

Fair value represents an estimate of the consideration that would be agreed to between knowledgeable and willing arm's length parties with no compulsion to act. Fair values are estimated at year end based on subjective assumptions and may contain significant uncertainty. Potential expenses that may be incurred on actual dispositions have not been reflected in the fair values reported.

Changes in market interest rates, the relative risk of the investment and the term to maturity on fixed rate financial assets and financial liabilities have a direct impact on the fair value of those financial instruments. The Union accounts for its investments as "held-for-trade" and accordingly these financial assets are stated at market value at the year end with fluctuations in value from one year end to the next reported in income annually.

The stated value for cash and cash equivalents, accounts receivable and accounts payable approximate their fair value due to their short-term nature.

The long-term debt due at the yearend is owing to a related partner union and the rate of interest is below the current market rate. Since there are no specific repayment terms to this debt, the fair value of this debt in relation to current market rates is not readily determinable.

### 12. ECONOMIC DEPENDENCE

The dues revenue from members of the bargaining of Locals 1, 2, 8 and 10 units accounts for 84% of the total membership revenue in the current year (87% in 2010).

### 13. COMMITMENTS

As at year end the Union has commitments related to renovations and upgrades to the porch on the building of \$21,000.

### 14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Schedule of Meeting Expenses Year Ended December 31, 2011

Schedule 1

	<u>Operating Fund</u>	<u>Solidarity Fund</u>	<u>Defense Fund</u>	<u>Certification Protection Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
<b>Meetings</b>						
Defense Fund Board of Directors	\$ -	\$ -	\$ 3,353	\$ -	\$ 3,353	\$ 5,055
Joint Executive Council Meetings	30,773	-	-	-	30,773	11,001
Local 1 (Viterra)						
- Board Special	10,199	-	-	-	10,199	6,925
- Local Executive Board executive and bargaining meetings	-	-	-	-	-	10,348
- Local meetings	30,471	-	-	-	30,471	32,511
- Executive committee	5,789	-	-	-	5,789	5,966
Local 2 (Viterra head office)						
- Local Executive Board executive and bargaining meetings	-	-	-	-	-	108
- Committee meetings	1,509	-	-	-	1,509	2,844
Local 5 (Western Producer/GVIC)						
- Executive and bargaining meetings	3,134	-	-	-	3,134	866
Local 7 (Heartland Livestock)						
- Executive and bargaining meetings	3,263	-	-	-	3,263	394
Local 10 (Carman Bean)						
- Executive and bargaining meetings	-	-	-	-	-	3,584
Local 6 (Wild West Steelhead)						
- Executive and bargaining meetings	453	-	-	-	453	6,194
Local 11 (Printwest)						
- Executive and bargaining meetings	265	-	-	-	265	-
Local 12 (Hillcrest Farms)						
- Executive and bargaining meetings	786	-	-	-	786	113
Local 4 (Grain Millers Canada Corp.)						
- Executive and bargaining meetings	3,642	-	-	-	3,642	23,895
Local 9 (Finora Inc.)						
- Executive and bargaining meetings	-	-	-	-	-	1,034
Local 8 (Viterra Alberta and Manitoba)						
- Executive meetings	1,940	-	-	-	1,940	7,109
Local 8.101 (AEA Regina)						
- Executive and bargaining meetings	1,389	-	-	-	1,389	-
Local 8.102 (AEA Saskatoon)						
- Executive and bargaining meetings	75	-	-	-	75	-
Local 13 (IATSE)						
- Executive meetings	146	-	-	-	146	-
75 <sup>th</sup> Anniversary	26,129	-	-	-	26,129	-
Dues rebate	8,266	-	-	-	8,266	4,633
Convention and education seminars	55,716	-	-	14,852	70,568	90,478
	<u>\$ 183,945</u>	<u>\$ -</u>	<u>\$ 3,353</u>	<u>\$ 14,852</u>	<u>\$ 202,150</u>	<u>\$ 213,058</u>

# GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

## Schedule of Expenses Year Ended December 31, 2011

					Schedule 2	
	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2011 Total	2010 Total
<b>ADMINISTRATION</b>						
Advertising	\$ 3,815	\$ -	\$ -	\$ -	\$ 3,815	\$ 644
Amortization	3,064	56	-	-	3,120	3,334
Arbitration boards	34,442	-	-	-	34,442	8,467
Audit	8,734	-	-	-	8,734	9,207
Employee benefits	44,745	-	-	-	44,745	50,957
Interest	1,200	-	-	-	1,200	1,032
Investment council fees	-	-	15,440	-	15,440	11,246
Legal fees and costs	78,390	-	-	-	78,390	75,623
Miscellaneous	550	-	-	-	550	100
Office rent	12,000	-	-	-	12,000	12,000
Postage	14,825	-	-	-	14,825	13,795
Printing and office supplies	42,862	-	-	-	42,862	50,192
Promotional	17,629	-	-	-	17,629	15,343
Salaries and consulting fees	577,941	-	-	-	577,941	556,527
Steward training	13,431	-	-	-	13,431	542
Telephone	14,253	-	-	-	14,253	14,705
Travel	46,026	-	-	-	46,026	41,988
	<u>\$ 913,907</u>	<u>\$ 56</u>	<u>\$ 15,440</u>	<u>\$ -</u>	<u>\$ 929,403</u>	<u>\$ 865,702</u>
<b>AFFILIATION AND ORGANIZATION</b>						
Alberta Federation of Labour	\$ 169	\$ -	\$ -	\$ -	\$ 169	\$ 913
Canadian Labour Congress	11,584	-	-	-	11,584	12,068
Donations and contributions	11,750	5,725	-	-	17,475	13,864
ILWU	8,274	-	-	-	8,274	8,619
Manitoba Federation of Labour	52	-	-	-	52	335
Other affiliate expense	16,327	-	-	-	16,327	12,891
Saskatchewan						
Federation of Labour	16,440	-	-	-	16,440	14,393
Scholarship Fund	14,000	-	-	-	14,000	11,000
Organizing	2,679	-	-	-	2,679	-
	<u>\$ 81,275</u>	<u>\$ 5,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,000</u>	<u>\$ 74,083</u>
<b>BUILDING</b>						
Amortization	\$ 1,447	\$ -	\$ -	\$ -	\$ 1,447	\$ 1,524
Insurance	1,575	-	-	-	1,575	1,448
Interest	951	-	-	-	951	1,367
Repairs and maintenance	10,729	-	-	-	10,729	14,204
Taxes	5,611	-	-	-	5,611	5,645
Utilities	4,956	-	-	-	4,956	6,571
	<u>\$ 25,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,269</u>	<u>\$ 30,759</u>

GSU members set the direction for the union, so it's important that you tell us what we are doing well and what you would like to see done differently.

If you can see room for improvement, tell us.

Thank you for taking time to attend your membership meeting.



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