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**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD**
Virtual Meeting
March 23-25, 2021

Dear Sisters, Brothers and Friends:

As the pandemic persists and we pass the one-year mark, all levels of CUPE continue to adapt and respond to emerging needs. I am very proud of the wide range of ways CUPE continues to face the challenges with unprecedented determination and resilience.

This time last year, I reported that our 2020 budget was based on a projected revenue growth of 5.3% over the 2019 budgeted amounts. Anticipating \$11.2 million in new per capita revenue, I was extremely proud to announce an increase of 22 new permanent positions across the country in the 2020 budget. I am happy to report that in spite of the pandemic, each of the 22 newly created positions were filled throughout 2020. However those revenue projections were made just before the outbreak of COVID-19 across the world.

Needless to say, during 2020 our actual revenue increases did not materialize, instead we saw members laid off and the resulting revenue losses throughout the year. As you will see below in this report and in the financial statements, our per capita revenue for 2020 is below budget by \$8.4 million. Total expenses are over budget by \$5.0 million.

As outlined in the 2021 Budget documents adopted at the December NEB meeting, we will do everything in our power to maintain the servicing and supports to our locals and members.

MARK HANCOCK

National President/Président national

CHARLES FLEURY

National Secretary-Treasurer/Secrétaire-trésorier national

BENOÎT BOUCHARD, PAUL FAORO, FRED HAHN, JUDY HENLEY, SHERRY HILLIER

General Vice-Presidents/Vice-présidences générales

To address our revenue challenge, our goal for 2021 is to make significant reductions wherever possible, with one example being in the areas of travel and in-person events. Curtailing travel costs will continue regardless of the travel restrictions due to the pandemic. As I have mentioned before, reducing travel at each area of the organization will have the added benefit of addressing some of our environmental goals as we will significantly reduce our environmental footprint.

National Committees

Since my last report, I have been able to join several virtual National Committee meetings. Less travel has resulted in more availability and easier to access various virtual meetings and events. Since the December NEB meeting, I have attended meetings of the National Political Action Committee, National Post-Secondary Taskforce, National Global Justice Committee, and the National Advisory Committee on Pensions.

Although I am not able to attend all, I always find it very valuable to hear the challenges and recommendations from the representatives of the national committees. The committee members are from most regions of the country and shared a wide range of perspectives on the conditions and issues facing CUPE across the country, especially this year, in relation to the pandemic.

2021 Staff Meetings

For the first time ever, the annual staff meetings were held virtually across the regions and for the national office. Also, because it was held using a virtual platform for the first time, all regional administrative staff were invited to attend.

At each of the meetings, I thanked the staff for all they do to support and build CUPE, most especially over the past year which has been so difficult. Many challenges have been faced by our members who work on the front lines and those who are laid off. In addition, I recognized the significant challenges that the staff face themselves at home and with their own loved ones as well.

I acknowledged that during the past year our staff have had many firsts: working remotely, virtual staff meetings, virtual audits, arbitrations and bargaining, developing and moving to electronic systems, car convoy protests, more online campaigns, our first social distanced picket lines and strikes and so much more. I expressed our appreciation and recognition of all that has been done.

CUPE National Human Rights Conference

I was happy and proud to take part in CUPE's Human Rights Conference, "Human Rights in the time of COVID: Organizing for Change". It was a powerful call to build solidarity and take action to defend and advance human rights in our union, our workplaces and our communities.

Close to 700 participants listened, asked questions and debated during the four days. They are going back to their locals with fresh energy and ideas, ready to build stronger, more equity-focused locals, and to bargain for equity.

Members also gave feedback on a draft of CUPE's new anti-racism strategy. The strategy is a roadmap to dismantle systemic racism in our unions, our workplaces and our communities, and will help build a stronger, more inclusive union and labour movement that fights for the rights of all working people.

Federal Sustainable Development Advisory Council

I am pleased to report that I have been appointed by the Minister of Environment and Climate Change Canada to the Minister's Sustainable Development Advisory Council. This Council meets to discuss sustainable development in Canada, including the Federal Sustainable Development Strategy.

The Council's mandate will include providing the Minister of Environment and Climate Change with advice on issues of sustainable development. During public consultations on the draft Federal Sustainable Development Strategy, Council members will also review and provide advice on the draft strategy to the Minister of Environment and Climate Change. In carrying out their duties, Council members will speak about sustainable development issues arising from the perspective of their constituency.

I join the two other labour representatives John Cartwright, President, Toronto & York Region Labour Council and Patrick Rondeau, Environment and Just Transition Advisor, Fédération des travailleurs et des travailleuses du Québec (FTQ).

In this new role, I look forward to contributing my experience gained from my environmental work within CUPE and at the international level. Through my years of union activism I also learned that in the labor movement, leaders must listen carefully to members, arbitrate between conflicting priorities, and make the best decisions possible for the whole group. I will be guided by the same approach during the public consultations and in my advisory role. I am committed to representing workers' interests in contributing to creating a better and greener future for Canadians.

Saskatchewan Division Convention

On March 11, I was honoured to attend the first Saskatchewan Division Convention held on a virtual platform. I commended the Division Executive Board and locals for all they continue to contribute to their members and communities during these troubling times.

With the majority of members from the healthcare and education sectors, CUPE Saskatchewan and our front-line locals and members have led the way through these difficult times. Delegates addressed some of the most pressing issues including layoffs job cuts, pandemic related health and safety issues, funding cuts to mention just a few.

Alberta Division Convention

The second virtual CUPE Alberta Division convention was held on March 17-18 and I very much appreciated hearing from delegates. Facing one of the most right-wing governments in the country, delegates and presenters spoke of all they have done to press back against severe policies and serious funding cuts from the provincial government, including cuts to municipalities, health and education, all at a time when the government should have been there to support these dedicated members. I was honoured to address the delegates and to emphasise CUPE National's continued and unwavering support to CUPE Alberta in their fight against the anti-union Bill 32 legislation attacking the rights of unions to be involved in the political process as well as Bill 22 which attacks pension rights.

CUPE Ontario Sector Conferences

The late winter and early spring session normally bring a wide range of conferences organized by CUPE Ontario. This year the conferences were revamped and conducted on the virtual platform. I was honoured to bring greetings to the Social Services Worker's Coordinating Committee, the Ontario Municipal Employees Coordinating Committee, and the Ontario Library Workers Committee.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED DECEMBER 31, 2020

General Fund

The total assets in the General Fund at December 31, 2020 were \$292 million compared to \$300.2 million at December 31, 2019.

The bank balance at December 31, 2020 was 24.6 million, up \$5.5 million from the balance at December 31, 2019. The bank balance includes various internal cash reserves which are set aside for retirement payouts, future benefits funding, property maintenance, the Convention and the Regional Building Fund.

The total liabilities in the General Fund were \$253.2 million at December 31, 2020 up from \$244.1 million at December 31, 2019.

The true liability as calculated by our Actuary at December 31, 2019 stood at \$222.8 million, in comparison to \$205.1 million at the end of 2018. The December 31, 2019 Balance Sheet has recorded a liability of \$175.3 million leaving an unrecorded gap of \$47.5 million at that time. In 2020 we recorded an additional \$11.9 million of the liability, bringing the total recorded liability at December 31, 2020 to \$187.2 million.

The Fund Balance at December 31, 2020 is \$38.6 million of which a total of \$3.1 million is restricted as follows: Convention and National Events Assistance Fund \$715,000 and Regional Building Fund, \$2.4 million. Of the remaining Fund Balance, we have invested \$69.3 million in fixed assets leaving a negative unrestricted balance of \$33.9 million. This means that all of the equity in the General Fund is spoken for either in terms of being allocated for a restricted purpose or tied up in fixed assets.

The preliminary operating deficit (before the provision for the Regional Building Fund) for the year is \$17.5 million, compared to a budgeted surplus of \$758,000. Per Capita revenue is below budget by \$8.4 million. Total revenue is below budget by \$13.2 million due primarily to an \$8.4 million shortfall in per capita revenue and the shortfall in investment income of \$2.4 million caused by a significant downturn in the financial markets in the first half of 2020. Total expenses are over budget by \$5.0 million.

Salaries are under budget by \$2.3 million, current benefits are over budget by \$1.4 million and future benefits, excluding the provision to add the unrealized investment gains to the liability, are under budget by \$760,000. Directors and Representatives salaries are below budget by 1% (\$605,000) while Administrative and Technical Salaries are 3.1% (\$364,000) under budget. Clerical salaries are below budget by 3.4% (\$632,000). Vacation Relief is below budget by 43.3% (\$713,000).

Cumulatively, the other operating expenses including Programs are \$9.12 million over budget. Below are some of the more significant items:

1. Operational travel is \$5.7 million under budget.
2. Overall programs are \$3.3 million under budget.
3. Fixed staffing costs are \$1.8 million under budget.
4. EAP care costs \$903,000 over budget.
5. Unbudgeted COVID-19 – related spending \$589,000.
6. Unbudgeted pension special contribution of \$22.4 million.

National Defence Fund

As at December 31, 2020, we have \$18.5 million in Total Assets compared to \$13.8 million at December 31, 2019. The cash balance at December 31, 2020 is \$1.8 million up from \$1 million at December 31, 2019. In addition, we have investments totalling \$14.6 million on the books at December 31, 2020, up \$4 million from December 31, 2019.

Under Liabilities we have accounts payable and accrued liabilities of \$1 million at December 31, 2020 compared to \$2.1 million at December 31, 2019. There is also \$9.4 million in cost-shared campaigns' liabilities compared to \$8.7 million at the end of 2019. Finally, \$1.6 million is owed to the General Fund at the end of 2020.

At December 31, 2020 the Fund Balance was \$6.5 million, compared to \$2.4 million at December 31, 2019.

Cost-shared campaigns approved by the National Executive Board for 2020 was \$4,058,787 with an annual budget of \$4 million. There was a recovery of \$1,018,125 in unused funds from prior years cost-shared campaigns that have been closed out by the end of 2020. Major Organizing expenses were \$2,520,318 against an annual budget of \$4 million. National Strategic Initiatives expenses were \$1,622,663 against an annual budget of \$2.85 million. Regional Strategic Initiatives expenses were \$1,960,894 with a budget for the year of \$2.325 million.

National Strike Fund

The Statement of Financial Position is set out as Statement 1. All receivables and payables relate to the varied activities and ongoing programs of the National Strike Fund and represent a picture of our assets and liabilities on December 31, 2020.

Total Assets in the National Strike Fund as of December 31, 2020 were \$128.9 million, compared to \$114.7 million at December 31, 2019. These assets consist of \$2.5 million in cash, \$2.1 million in per capita receivable and \$124.3 million in investments.

Under Liabilities we have accounts payable and accrued liabilities totalling \$145,000, down from \$234,000 at December 31, 2019.

Revenue into the Strike Fund, including investment income, was \$15.8 million for the year and expenditures totalled \$3.2 million resulting in a surplus of \$12.6 million before taking into account unrealized investment gain of \$1.2 million.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 5257 (ON) – Blaisdale Montessori School, approximately 100 members on strike from November 16 to December 1, 2020.

PER CAPITA ARREARS

For the quarter ended December 2020 the total arrears were \$10,074,995 which was a decrease of \$3,831,921 or 27.55% from the previous quarter ended September 2020. Total arrears have increased 3.89% as compared to December 2019.

INFORMATION TECHNOLOGY (IT) REPORT

With Q1 of 2021 almost behind us, the IT Branch continues to focus on conducting its own business as usual while working remotely to enable and support the rest of CUPE staff to do the same. 2021 sees IT executing on approved plans for the replacement of CUPE's Per Capita Tax system (PCIS), new releases of the MRMS, enhancements to CUPE's Avanti Human Resource Management System, enhancements to CUPE's new Intranet, CUPE Connect, finalizing CUPE's Business Continuity and Disaster Recovery plans and lastly, strengthening CUPE's IT Security Posture.

CUPE Intranet

CUPE Connect was launched on December 14 and has been well appreciated by staff across the country ever since it's inauguration. From news posts, to events, to official documents and quick links, CUPE Connect is CUPE's new entry point to its digital workplace. Feedback from staff members is extremely positive! Since the site was launched in December, CUPE Connect has had 896 total staff who visited the site over its lifetime and an average of 795 site visits daily.

The CUPE Hub, CUPE's previous intranet-like site, was decommissioned in January. Other Hub-like sites are also up for review to minimize duplication of key official content and ensure the single-source of truth is respected across CUPE as much as possible.

Finally, CUPE's document naming convention has been updated and communicated to staff in February. Going forward, documents are to be named in the language for which the document was created in; French documents have a French document name and English documents have an English document name.

Member Relationship Management System (MRMS)

The interface between the MRMS and the new Per Capita Invoicing System (PCIS) and additions needed to the Local Union Information module (LUI) continues to be in the testing phase. This includes the capturing of the Trustees' Audit Reports process that is currently performed in the old Per Capita Tax system. The expected release date for the PCIS is Q2 2021.

To address Alberta's new Bill 32, the IT Development team has completed work for giving locals in Alberta the ability to access MRM LUI in order to manage all of their members' information. This will allow the locals who may not have a tool or system today, to keep track of their members and be able to increase member engagement. More importantly, MRM LUI will give locals the ability to capture and track the anti-union requirements of Bill 32 with respect to the members preference to opt in or out for the payment of dues related to political and charitable activities. The project is in the testing phase and the expected release date for this functionality is early April.

Per Capita System Development

Development of the new system is ongoing with a target completion date of mid-second quarter 2021. The design and development work have been split into seven segments, which are now complete. User testing and training has started and will continue into March 2021.

Avanti Human Resources System

With new leadership in the HR team, a list of priorities has been established, many of which focus on reducing paper and changing manual processes to leverage automation that is available in the software. The vendor (Avanti) has been engaged to work with HR to address their needs.

IT Infrastructure & Operations

CUPE IT has completed its plans to improve network resiliency and minimize downtime at CUPE offices across the country with the implementation of a new network architecture. This new network will ensure that in the event the National Office network goes offline, the remainder of the CUPE offices will continue to function normally. The development of a Business Continuity and Disaster Recovery Plan focused on how to handle disruptions at the CUPE National office has begun with consultation with senior IT staff. The plan is to eventually include all National departments in the consultations. Improving CUPE's overall IT security posture (e.g. stronger account/password and threat identification and reaction procedures) is in the testing phase with a plan to begin a wider implementation later in the first quarter of 2021. Lastly, the migration from Skype For Business to Microsoft Teams has been completed with all users and resources successfully migrated to the new platform.

PROPERTIES AND LEASEHOLDS

Due to the current COVID-19 pandemic, we have refocused our efforts in terms of the activities of the Property Management Group. We continue to focus on the work needed to ensure buildings remain safe while they are unoccupied and have been adjusting our operations as offices have moved in and out of Phase 1 over the past few months. We have had to curtail much of our capital project work but do continue to focus on project work that cannot wait.

The property team continues to support the implementation of the COVID-19 preventive measures protocols, including requirements for daily disinfecting of points of contacts, to maximize the safety of our work environment and prevent the spread of COVID-19. We created clear directives for all cleaning contractors and their staff, provided them with the appropriate disinfecting products, and organized mandatory online web training for all of the contractors' staff to ensure the disinfecting work is performed properly.

Due to COVID-19 related budgetary restrictions and associated uncertainties, we have been opting for short or medium-term lease renewal strategies where possible. We have therefore concluded renewal agreements for London, Hamilton and Windsor.

We are analyzing our options regarding some leases coming to term in 2021, such as Sudbury, Kitchener, Sault Ste. Marie, Oshawa, Windsor, Fort McMurray, Medicine Hat and Terrace.

CONFERENCES AND EVENTS

The new year was a welcome change to 2020 which had everyone at CUPE, and the rest of the world adapting to the restrictions and closures brought on by COVID-19. While we are still not planning in-person meetings for the next few months, we are seeing virtual meetings and events continue in the first half of 2021.

The Human Rights Conference took place March 1-4, 2021. While this conference was originally slated as an in-person event in Halifax, due to the continued pandemic it took place as a virtual conference using the Chime Live platform for the main and plenary sessions and Zoom meetings for all discussion groups, caucus meetings and workshops. The conference was a success both in terms of execution and participation. The number of registered participants surpassed our expectations with a total of 697 registered participants for the conference, with 563 participants registering for caucus meetings and 422 participants registering for the ally workshops. As with all of our national events, CUPE staff are diligent in ensuring that special needs requests by our members were met. Thanks to the hard work of the entire planning team, the Human Rights Conference was a successful event.

This also marks the year of our biennial convention scheduled for November 22-26, 2021 in Vancouver, BC at the Vancouver Convention Centre. A request for proposals has been sent to some audio-visual companies in Vancouver and we will be selecting and confirming the audio-visual company for our convention shortly. CUPE is always prepared for any eventuality and to that end, we've requested proposals for both in-person and virtual events. While we would love nothing more than to see our fellow staff and our CUPE members in person, the health and safety of everyone in the CUPE family remains of the utmost importance.

In addition to our national conference and national convention, we continue to plan and hold national committee meetings, National Executive Board meetings, directors' meetings, annual staff meetings, etc., which are all held virtually through MS Teams and Zoom. CUPE continues to work hard to ensure that staff and members have a chance to meet and we continue to provide a platform for their voices to be heard and their thoughts and opinions to be shared.

PENSION ADMINISTRATION

Brian Edgecombe who has been on the Joint Board of Trustees (JBT) since 2008 and the JBT Co-Chair since 2010 retired on March 1, 2021. I wish him a long and healthy retirement and thank him for his contribution to the administration of the CUPE Employees' Pension Plan (CEPP).

Effective January 1, 2021, Susan Arab became the Chair of the JBT and I became the Vice-Chair. I welcome Susan to her new role.

The Joint Board of Trustees will have its first scheduled meeting of the year on April 20 and 21. The Trustees will discuss, amongst other things, the preliminary valuation results at January 1, 2021. As part of the actuarial valuation process, an affordability test is conducted to verify if the pensions and deferred pensions will be indexed retroactively to January 1, 2021, in line with the increase of the Consumer Price Index.

In 2021, the employer contribution rate will remain at 14.92% of pensionable earnings.

Preparations are underway for the 2020 Pension Fund Audit.

Retirements

Alain Tessier, Quebec Regional Office – February 1, 2021
Brian W. Edgecombe, Research, Job Evaluation, Health & Safety Branch – March 1, 2021
John R. Strohmaier, B.C. Regional Office – April 1, 2021
Claire Fortier, Québec Area Office – June 1, 2021
Madeleine M. Vachon, Human Rights Branch – July 1, 2021
Berthold Gagnon, Quebec Regional Office – July 1, 2021
William A. McKinnon, Charlottetown Area Office – August 1, 2021
Darlene L. Stone, B.C. Regional Office – August 1, 2021
Shelley L. Douan, Saskatchewan Regional Office – August 1, 2021
Catherine A. Robinson, London Area Office – January 1, 2022

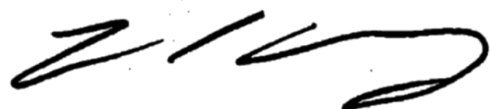
CONCLUSION

As we see signs of spring in the air, I hope that we also soon seen a new season in our experience of the pandemic across the country. I look forward to hearing that all CUPE members, their loved ones and fellow community members get their vaccinations as soon as possible.

I look forward to the days ahead when we can meet, strategize, protest and celebrate together in person.

Stay safe. Stay strong. And stay united.

Respectfully submitted,



CHARLES FLEURY
National Secretary-Treasurer

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