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**NATIONAL SECRETARY-TREASURER’S REPORT
TO THE
NATIONAL EXECUTIVE BOARD
Virtual Meeting
June 21-23, 2021**

Dear Sisters, Brothers, and Friends:

We are now in the second year of the pandemic and I continue to be inspired by the never-ending commitment shown by CUPE members and staff across the country. CUPE’s dedication to deliver first rate public services and other supports to our communities, reflects the critical importance of our work.

As we have been doing throughout the pandemic, we continue to monitor our spending very carefully. I am very proud of the work that is being done by senior staff to curtail spending and as a result we have an operating surplus even though our per capita revenue is slightly under budget.

National Committees

Since my last report, I have been able to join several virtual National Committee meetings. Less travel continues to provide for easier to access various virtual meetings and events. Since the March NEB meeting, I have attended the following committee meetings:

National Libraries Committee
National Literacy and Essential Skills Committee
National Contracting Out and Privatization Committee
National Health & Safety Committee
National Child Care Working Group
National Environment Committee
National Women’s Committee
National Health Care Issues Committee
National Post Secondary Task Force

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

National Committee members bring an important perspective from their area of expertise and from their region. It is especially important to hear from members from across the country during these challenging times.

CUPE National Audits

Although all chartered organizations have experienced severe disruptions due to the pandemic, it continues to be a busy audit season for Secretary-Treasurers and Trustees across the country. My office continues to receive a significant number of Trustees' Audit Report submissions. The deadline for submission of the 2020 Trustees' Audit Reports have been extended to September 30, 2021.

At CUPE National, for the second year running by virtual means, our external auditors have completed their extensive annual review of our finances and financial systems. Our CUPE National Trustees conducted their annual audit in June. Both audit reports will be presented at this NEB meeting.

I would like to recognize the very important work of our Trustees and our staff at the National office who worked very hard to create the conditions for success and to support these evolving processes.

NEB Sub-Committee on the Strike Fund Review

In 2016, the NEB conducted a review of the Strike Fund Regulations and we committed to do this exercise each four years. This review is intended to ensure that the regulations remain responsive and that they appropriately support our locals when bargaining breaks down. The report will be presented at this NEB meeting. The most recent updates to the Strike Fund Regulations were implemented in December 2017 after the National Convention that year.

Cross Canada Regional Calls with CUPE Leaders

In late March and early April, Mark and I hosted a series of virtual meetings with leaders across the country. We invited local executive members to talk with us about the issues affecting their locals and the prolonged impact of the pandemic on our members. We thanked them for their exemplary leadership during these trying times. I was very appreciative of the time and effort of the hundreds of CUPE leaders who joined those gatherings.

Division Conventions

For the second year running, the Division convention season was completely transformed on to virtual platforms. I was honoured to attend and bring greetings to the following conventions:

- CUPE New Brunswick Convention – April 23-24
- CUPE Quebec Division convention – May 11
- CUPE British Columbia Division Convention – May 19-21
- CUPE Prince Edward Island Convention – May 21
- CUPE Ontario Division Convention – May 26-28
- CUPE Nova Scotia Division Convention – May 31-June 1

It is no secret that I have a strong preference for attending meetings and conventions in person where I can meet and discuss with delegates and really hear about their challenges and successes. I must say, thanks to the leadership of the provincial Divisions and the extraordinary support of their Executives, Committees, and staff, each convention was able to conduct their business and allow for high level of delegate participation.

Ontario Bargaining Council Conferences

Ontario Council of Hospital Unions

On April 26, I was invited to address the delegates representing our members working in the health care sector – predominantly from the hospital sector across the province. I brought my heartfelt greetings to delegates who had quite literally done battle within the pandemic environment for over a year. I commended OCHU leadership and delegates for standing strong and united to fight for the respect our members deserve, including fighting for adequate PPE, paid sick days, and fairly distributed pandemic pay. OCHU members had to take to the streets to make their voices heard. I was very proud to stand with them in their struggle.

Ontario School Board Council of Unions

In my address to the delegates in March, I commended school board leaders for exemplary commitment shown by their members during the pandemic. CUPE school board members continued to support students with special needs and those with particular pandemic related stresses. Members adapted to and developed the new cleaning requirements and reporting responsibilities, all while fighting for more and better PPE, better ventilation, smaller student bubbles and additional staff. There were many victories and CUPE members really did go the extra mile.

New Democratic Party National Convention

The CUPE delegation joined over two thousand other participants at the 2021 Federal NDP convention in early April. Although joining from our own living rooms, the CUPE delegation was able to connect and stay in touch with each other using our very own Slack channel.

I am very proud of the work carried out by Jagmeet Singh and the MPs across the country during the pandemic and the party's focus on workers across Canada and their families. The resolutions that were passed are a testament to this important work. We saw a commitment to improving long-term care, an issue that CUPE has long supported. Among others, we also saw commitments to ensure the wealthy pay their share, permanent paid sick days, a worker focused green recovery plan and as well as an adequate Canada workers benefit.

Federation of Canadian Municipalities Convention

Each year CUPE National participates in the FCM conference where we promote our union's municipal agenda. This year, the conference was held virtually June 1-4 and I was pleased to attend as part of the CUPE delegation. The conference provides an opportunity to exchange views on shared priorities while connecting with municipal leaders and staff from hundreds of municipal governments from communities across the country.

This year, CUPE hosted a virtual trade show booth and presented a successful workshop highlighting the challenges caused by municipally operated libraries and how they adapted their work to ensure continued services to the communities focusing on supporting those in need. CUPE delegates participated in many panels and workshops. CUPE's participation at this national conference ensures workers' voices are part of the national municipal conversation on infrastructure, trade, and protecting public services.

FIQ/FIQP Convention

I was invited on June 7 to the opening session of the Federation of Quebec Nurses virtual convention. President Nancy Bédard reminded the 300 delegated how their members worked non-stop to ensure the population received quality care during the last year. It is now time for the Quebec government to recognize the importance of their role and conclude bargaining.

CPSS Convention

On June 9, I participated to the *Conseil provincial du soutien scolaire* (Quebec Provincial School Board Council) convention. I congratulated them for finalizing a very difficult bargaining with the Quebec government. At the central bargaining table they made major gains for all their members.

Canadian Labour Congress Convention

I joined the CUPE delegation at the virtual CLC convention held June 16-18. This is the central labour body where Canadian unions join together to work on common issues and campaigns. CUPE is centrally involved in the success of the CLC and provides significant financial support in the form of per capita payments each year. CUPE worked hard to ensure Team Unite was elected to ensure we would give a new direction to the CLC in the years to come. I was proud to support Team Unite: President Bea Bruske, Executive Vice-President Siobhan Vipond and CUPE's own Lily Chang as Secretary-Treasurer, was elected. We congratulate the newly elected Executive Board and Canadian Council.

CUPE Employee Assistance Program

After many years of service supporting staff as EAP Coordinator, Blain Morin retired. I welcome our newly appointed EAP Coordinator Jamal Abiad as he takes on his new role with dedication and renewed energy. This is an extremely important role in our organization.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2021

General Fund

The total assets in the General Fund at March 31, 2021 were \$308.2 million compared to \$299.1 million at December 31, 2020. The items of significance are discussed below.

The bank balance at March 31, 2021 was \$39.2 million up \$13.8 million from the balance at December 31, 2020. The bank balance includes various internal cash reserves which are set aside for the 2021 convention, retirement payouts, future benefits funding, property maintenance and the Regional Building Fund.

The total liabilities in the General Fund were \$267.8 million at March 31, 2021 up from \$261.4 million at December 31, 2020.

The true liability as calculated by our Actuary at December 31, 2020 stood at \$244.6 million, in comparison to \$222.8 million at the end of 2019. The December 31, 2020 Balance Sheet has recorded a liability of \$194.8 million leaving an unrecorded gap of \$49.8 million at that time.

Fortunately, in the first quarter of 2021, partly due to positive performance of the investment markets, we recorded an overall increase of \$6.2 million in the booked liability, bringing the total recorded liability at March 31, 2021 to \$200.1 million.

The Fund Balance at March 31, 2021 is \$40.4 million of which a total of \$3.2 million is restricted as follows: Convention and National Events Assistance Fund \$772,000 and Regional Building Fund, \$2.4 million. Of the remaining Fund Balance, we have invested \$69.1 million in fixed assets leaving a negative unrestricted balance of \$32 million. This means that all 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 operating surplus for the year to date is \$2.7 million, compared to a budgeted deficit of \$1.5 million. Per Capita revenue is under budget by \$158,000 and total revenue is over by \$3.7 million due primarily to an unrealized gain of \$3.9 million in our investment accounts caused by a moderate gain in the financial markets in the first quarter of the year. Total expenses are under budget by \$490,000.

Salaries are under budget by \$1 million, current benefits are over budget by \$163,000 and future benefits, excluding the provision to add the investment gains and losses to the liability, are over budget by \$383,000. Directors and Representatives salaries are under budget by 2.6% or \$402,000 while Administrative and Technical Salaries are 5.3% or \$156,000 under budget. Clerical salaries are also under budget by 5.2% or \$245,000. Vacation Relief is under budget by 90% or \$278,000.

Cumulatively, the other operating expenses including Programs are \$3.8 million under budget. Below are some of the more significant items:

1. Operational Travel costs are \$835,000 under budget due primarily to reduced business travel.
2. Overall programs for the national departments are \$527,000 under budget for the first quarter largely due to timing of expenditures incurred.
3. Strategic Directions is \$501,000 under budget to this point in the year.
4. Fixed Staffing Costs are \$391,000 under budget largely due to reduced vehicle travel so far in the year.
5. EAP Care Costs are \$266,000 over budget.

National Defence Fund

As at March 31, 2021, we have \$18.6 million in Total Assets compared to \$18.8 million at December 31, 2020. The cash balance at March 31, 2021 is \$1.9 million up \$100,000 from December 31, 2020. In addition, we have investments totalling \$14.6 million on the books at March 31, 2021, down very slightly from December 31, 2020.

Under Liabilities we have accounts payable and accrued liabilities of \$796,000 at March 31, 2021 compared to \$1.1 million at December 31, 2020. There is also \$9.9 million in cost-shared campaigns' liabilities which have increased by \$500,000 from December 31, 2020. Finally, \$186,000 is owed to the General Fund at March 31, 2021.

At March 31, 2021, the Fund Balance was \$7.7 million, compared to \$6.8 million at December 31, 2020.

Cost-shared campaigns approved by the National Executive Board in the first quarter of the year was \$1,190,554 with an annual budget of \$4.0 million. There was a recovery of \$336,330 in unused funds from prior years cost-shared campaigns that have been closed out during the first quarter of the year. Major Organizing expenses were \$688,269 against an annual budget of \$4.0 million. National Strategic Initiatives expenses were \$549,248 against an annual budget of \$2.7 million. Regional Strategic Initiatives expenses were \$160,966 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 March 31, 2021.

Total Assets in the National Strike Fund as of March 31, 2021 were \$133 million, slightly up from December 31, 2020. These assets consisted of \$5.2 million in cash, \$2 million in per capita receivable and \$125.8 million in investments.

Under Liabilities we have accounts payable and accrued liabilities totalling \$457,000, and an amount of \$503,000 due to the General Fund.

Revenue into the Strike Fund, including investment income, was \$3.8 million and expenditures of \$807,000, resulting in a surplus before unrealized gains of \$3 million. There was an unrealized gain of \$830,000 recorded on our Strike Fund investments in the first quarter of 2021.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 2348-09 (MB) – Manitoba Interfaith Immigration Council Inc., 19 members locked-out since April 28, 2021.

Local 375 (QC) – Association des Employeurs Maritimes, 1,000 members on rotating strikes from April 13 to May 2, 2021.

10 locals representing the Quebec education sector (QC) – approximately 3,976 members altogether, on one-day strikes at various times throughout the month of May 2021.

PER CAPITA ARREARS

For the quarter ended March 2021, the total arrears were \$5,081,298 which was a decrease of \$4,993,697 or 49.57% from the previous quarter ended December 2020. Total arrears have decreased 63.84% as compared to March 2020.

INFORMATION TECHNOLOGY (IT) REPORT

With half 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. This second quarter saw 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, CUPEConnect, strengthening CUPE's IT Security posture and rolling out new laptops to 350 staff.

Per Capita System Development

Due to the complexities inherent in our revenue process, development of the new system has ended up taking longer than the original project plan provided for. The design and development work was split into seven segments all of which are now complete. User testing and training has started and will continue into June 2021. Implementation plans are still being discussed as the delays in development have resulted in the earliest projected delivery date being a little too close to the start of when the PCT system is needed to support the convention registration process. Decisions on implementation plans and timelines will be made over the course of the early part of the summer.

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 Avanti HR software. The vendor (Avanti) has been engaged to work with HR to address their needs.

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.

A new release of LUI was rolled out in late April that now requires the user to identify the bargaining unit the member belongs to when adding or updating a member's profile. This new requirement will be rolled out in the Education (ED) and Event Management (EM) modules in mid-June. This change was necessary to facilitate a future LUI release where locals will have the ability to access MRM LUI to manage their own members' information. Having the members associated with their proper bargaining unit will be key for Locals to manage and communicate to their members. This future release of LUI is in the implementation planning stage.

The Collective Agreement (CA) module released a new version in late May that has incorporated a new Dashboard for Researchers. This new dashboard allows researchers to quickly drill down on data via Sector/Industry and Province to see key performance indicators such as expired agreements and settlements. It's planned in the future to introduce and design dashboards for other groups of users within CA.

More enhancements for LUI are planned in the coming months including the ability for tracking and reporting of organizing drives.

CUPE Intranet

With staff members across the country consulting CUPEConnect on a regular basis, requests for enhancements and ideas for new content or additional content related to existing libraries is constant. This is a good thing as it reflects that the site is adding value. As part of the change management activities, all Directors were invited to participate in a survey to give general feedback about their usage and experience on CUPEConnect and the results were overall positive and constructive.

The Project Team is currently reviewing priorities and enhancements for CUPEConnect to keep the site dynamic and current with relevant content. Included on the list of priorities was a new *National Representative Resources Site* which was launched in April. This site is for CUPE staff to access the latest, key and official resources for bargaining from CUPE National. Other upcoming priorities include more training for the Content Publishers focused on new features that improves their experience with publishing on CUPEConnect.

Enhanced IT Security Initiative

We are all aware of the significant increase in cybercrime both in terms of the number of attempts and the increased sophistication of these tools that are being used. As part of the 2021 budget, the launch of a project to improve our overall IT security platform was approved. The new, 24/7 IT security solution for all laptops was launched to all users in May and to date approximately 75% of staff have enrolled in the program. We are now working on getting the last of the staff enrolled and will be focusing on end user security awareness training over the remainder of the year.

IT Infrastructure & Operations

To compliment the above IT Security Solution, later this June CUPE will be implementing a stronger account/password policy. Once complete users will have the ability to reset their own passwords without helpdesk intervention in the event they have forgotten or have been locked out of their account. IT has also commenced the rollout of new laptops that are designed to be setup by the user without hands-on IT intervention and wherever the user can access the internet.

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 preventive measures protocols, including varying and updating cleaning requirements based on status of offices, as well as implementing daily disinfecting of points of contacts in re-opened offices, to maximize the safety of our work environment and prevent the spread of COVID. 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 contractor's staff to ensure the disinfecting work is performed properly.

Due to COVID 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 Sault-Ste-Marie and Windsor. However, we have opted to move into new locations in both Fort McMurray and Sudbury.

We are analyzing our options regarding some other leases coming to term in 2021, such as Kitchener, Oshawa, Medicine Hat and Terrace.

CONFERENCES AND EVENTS

Our CUPE conference and events work has remained busy the last few months following the Human Rights Conference March 1 to 4, 2021. The need for our members to meet and discuss issues and challenges has never been greater. Our national committees have been scheduling committee meetings to provide the members this opportunity.

We are now preparing for our 29th Biennial CUPE Convention scheduled to take place in Vancouver at the Vancouver Convention Centre (West Building) on November 22 to November 26, 2021. The Advance Notice for the 2021 National Convention went live on the cupe.ca website and locals were emailed the link on April 7. The Official Call and credentials forms will be sent out to our CUPE locals and will go live by August 24. Once again, we look forward to a successful and highly awaited convention.

CUPE has a contingency plan in place for a virtual conference, should restrictions around in person gatherings extend into this fall. We hope that by November we will be able to gather in-person once again. We look forward to seeing you all in Vancouver!

PENSION ADMINISTRATION

As part of its investment review, the JBT has selected PH&N as a new investment manager for its Fixed Income Mandate and the mandate with TD Asset Management (Canadian Fixed Income) was terminated.

The January 1, 2021, actuarial valuation process is underway. The calculation of the indexation increase effective January 1, 2021, will be finalized as soon as the actuarial valuation is completed. Adjustments to the monthly pensions will be done once the indexation has been determined, retroactively to January 1, 2021.

The Joint Board of Trustees held its JBT meeting earlier in June to discuss ongoing issues and activities of the pension plan.

The auditors of the CUPE Employees' Pension Plan have completed the 2020 Pension Fund audit and the 2020 Financial Statements will be filed with the Regulators in June.

The spring edition of the CEPP newsletter "Pension Connection" is available on the CEPP website.

The Pension Plan staff is currently working on the preparation of the 2020 Pension Plan Annual Statements for all plan members. Active plan members will also have access to their 2020 annual statements through the Plan's website at www.cepp.ca for pension estimate purposes.

Retirements

Richard A. Panciera, National President's Office – June 1, 2021

James K. Morrison, Kitchener Area Office – July 1, 2021

Ross Idler, British Columbia Regional Office – August 1, 2021

Greg Burkitt, British Columbia Regional Office – September 1, 2021

Vanessa F. Kelly, Research, Job Evaluation and Health & Safety Branch – November 1, 2021

Carole Bouchard, Quebec Regional Office – November 1, 2021

Lorelei Martin, Ontario Regional Office – January 1, 2022

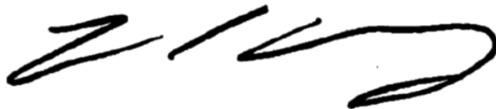
Steve Kenney, London Area Office – March 1, 2022

CONCLUSION

We are all looking forward to continuing decreased case counts and hospitalization rates, as well as receiving our second vaccine doses in the coming months. Region by region, CUPE members will be there to assist our communities reopen and they will continue to provide a central role in the pandemic response across the country.

Stay safe. Stay strong. And stay united.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Charles Fleury', with a stylized, flowing script.

CHARLES FLEURY
National Secretary-Treasurer

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