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**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD**
Ottawa, Ontario
September 21-23, 2021

Dear Sisters, Brothers, and Friends:

Our September National Executive Board meeting marks 18 months into the global pandemic. As is the case for unions across the world, CUPE continues to face and deal with serious challenges. Our members on the front lines continue to offer extraordinary services and over 15,000 others remain laid off despite some recalls in the airline industry and elsewhere. I continue to be extremely proud of the dedication and commitment of our leaders, members, and staff as we find creative and innovative solutions to the reality of this pandemic.

As announced at the NEB meeting on August 17, and after careful and considerable discussion with my family and closest confidants, I have decided to retire and so will not be reoffering for another term at the 2021 National Convention in November. I have had the very great honour of being your CUPE National Secretary-Treasurer since I was elected at the CUPE National Convention in the fall of 2011. These ten years have been some of the most rewarding and challenging of my life.

I will be leaving this position but not the movement. I began my activism with a wild cat strike when I was just 18 years old and this activism grew into many years of leadership at my home local – Local 1500 at Hydro-Quebec, as well as decades of involvement in the Quebec labour movement. Since 2003, I had the pleasure of serving on the CUPE National Executive Board where I experienced the incredible diversity and richness of CUPE across the country.

I can say with full confidence that it has been an honour to hold this position and to represent CUPE members every day. I will continue to be active in the movement and will see you on the picket lines and anywhere union members are standing up for themselves and fighting for a better future for all.

MARK HANCOCK

National President/Président national

CHARLES FLEURY

National Secretary-Treasurer/Secrétaire-trésorier national

PATRICK GLOUTNEY, FRED HAHN, JUDY HENLEY, SHERRY HILLIER, LEE-ANN KALEN

General Vice-Presidents/Vice-présidences générales

This is my fortieth and my last report to the National Executive Board.

CUPE New Brunswick Bargaining Forward Summit and Rally

I was incredibly honoured to be able to go in person to attend the CUPE New Brunswick Bargaining Summit in Fredericton on August 27 as well as the march and rally the next day. For decades, New Brunswick public sector workers have lived and worked under wage constraints and faced more wage freezes and substandard increases. These unacceptable wage constraints are not acceptable and leave public sector workers with no option but to fight back.

My message was one of solidarity, that all of CUPE supports their struggle and that we stand together to say that front line heroes will not accept zeros! I was proud to reassure the leadership and members that if they were forced out on strike, I would be on the picket lines and our CUPE National Strike Fund would be there to support them. I congratulated the leadership for their success in their challenging efforts to mobilize members especially during the pandemic as well as the fantastic preparation by staff and leaders for their considerable efforts in developing the rationale and messaging to back up the bargaining proposals.

CUPE Newfoundland and Labrador Division Convention

On September 17-18, I attended my first in-person CUPE Division Convention of 2021 in Corner Brook, Newfoundland. The energetic and dedicated delegates participated in important conversations and debates on the key issues facing the province.

It is apparent that the sitting Liberal provincial government wants a reduced public sector and more privatized services with plans to cut more than \$3.5 billion over six years. This will have a devastating impact on public services and will change the reality for public sector workers and communities including attacks such as: the possible elimination of school boards and regional health authorities, more contracting out, eliminating defined benefit pension plans, and imposing contracts and wage freezes.

I assured the CUPE leaders that we will continue to fund their campaigns and provide whatever support they need to resist these attacks. I recommitted to ongoing and enduring support to the striking Local 1349 members in Grand Falls-Windsor who are on the picket line, locked out by the Town since mid-July, because they refused to accept concessions.

Conseil provincial des affaires sociales (CPAS) Convention

On September 14, I was able to participate in the CPAS virtual convention. Finalizing provincial bargaining this summer was an incredibly important step forward for all members in the sector. I brought greetings on behalf of the NEB and all of CUPE. In addition, I was proud to be able to share this important victory with the CUPE provincial sector organizations in Ontario to assist them with their provincial bargaining table.

SCFP-Quebec Executive Annual Committee Meeting – Trois-Rivières

I was happy to participate with Mark Hancock to the September meeting of the CUPE-Quebec Division Executive Committee meeting. We discussed different issues that will be central in the upcoming years for CUPE, most of them arising from the pandemic.

National Indigenous Council Meeting

On September 13, I was pleased to be able to join Mark Hancock in attending the special CUPE National Indigenous Council Meeting. Very soon after the new federal day of remembrance and holiday was proclaimed by the federal government, CUPE recognized this day as a holiday as well. Important discussions were held with the Indigenous Council on how CUPE can continue to increase support for reconciliation efforts. CUPE will be recognizing September 30th – the National Day for Truth and Reconciliation/Orange Shirt Day by hosting a National webinar in French on Tuesday, September 28 at 4:00 p.m. EST and another one in English, the same day at 6:00 pm EST.

Public Services International

Canada/Quebec Affiliates Zoom Meeting – June 28

PSI North America Zoom Meeting – June 29

CUPE convened an online meeting of Canada and Quebec based affiliates of Public Service International (PSI) in June. Affiliates provided reports on key issues and campaigns over the past year and on what they foresee in the year to come. The meeting was convened to provide an opportunity for exchange and to ensure all affiliates were up to date regarding our collective engagement with PSI. This meeting took place in advance of the meeting with US based PSI affiliates the following day. The PSI World Congress was a discussion point, as was the impact of COVID-19 on workers around the world, and several PSI campaigns such as support for the TRIPS waiver for COVID vaccine, Digitalization and Tax Havens. The Canada and Quebec based affiliates presented a statement to PSI demanding accountability on the horrifying discovery of unmarked graves on residential school sites in Canada at this time. In addition, Canadian and US affiliates agreed to convene a meeting with PSI Colombia affiliates to strengthen our solidarity and to support their ongoing resistance to state violence and neoliberal reforms.

Changes to Canadian Public Sector Accounting Rules

For a number of years, CUPE has been closely following a series of potential changes to public sector accounting standards pertaining to pensions. Canada's Public Sector Accounting Board (PSAB) sets the accounting rules under which Canadian governments at all levels must prepare their financial statements. The PSAB has been considering a series of dramatic changes to its rules on how governments must calculate pension liabilities and costs for Defined Benefit (DB) plans on the "government books." The changes under consideration would result in significant increases in reported pension liabilities and costs, which would mean corresponding increases to reported government debt and deficit, even though nothing fundamental has changed about the pension plans themselves.

CUPE has been pushing back against these changes. We believe that if these changes were adopted, we would see more unjustified attacks on CUPE members' DB pension plans. CUPE has been a leader in the labour movement on this issue, and has been working with pension plans, other unions, and even employers across the country who share our concerns. We believe that these changes should be rejected, not only because they would lead to political attacks on our pensions, but also because we feel the changes have no sound basis from an accounting or public policy perspective.

In July, PSAB publicly released an interim draft of the revised accounting standards. The draft standards suggest that PSAB appears to be siding with CUPE on many of the issues under consideration, but these standards are not yet final and are subject to further consultation. CUPE will maintain its leadership role on this issue and will continue to engage with PSAB and other stakeholders. We are optimistic about the direction PSAB has taken so far, but CUPE will not stop working on this issue until the threat to our members' pensions has been eliminated.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2021

General Fund

The total assets in the General Fund at June 30, 2021 were \$322.6 million compared to \$308.2 million at March 31, 2021 and \$299.1 million at December 31, 2020. The items of significance are discussed below.

The bank balance at June 30, 2021 of \$28.8 million is a \$10.4 million decrease from the bank balance at March 31, 2021 due to moving some surplus cash to our general investments. 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 \$278.4 million at June 30, 2021 compared to \$267.8 million at March 31, 2021 and \$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, by the end of the second quarter of 2021, partly due to positive performance of the investment markets, we recorded an overall increase of \$17 million in the booked liability – when compared to the balance at December 31, 2020, bringing the total recorded liability at June 30, 2021 to \$211.8 million.

The Fund Balance at June 30, 2021 is \$44.2 million of which a total of \$3.3 million is restricted as follows: Convention and National Events Assistance Fund, \$827,000 and Regional Building Fund, \$2.4 million. Of the remaining Fund Balance, we have invested \$70 million in fixed assets leaving a negative unrestricted balance of \$29 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 \$6.4 million, compared to a budgeted surplus of \$243,000. Per Capita revenue is slightly under budget by \$78,000 and total revenue is over by \$10.5 million due primarily to an unrealized gain of \$10.4 million in our investment accounts. Total expenses are over budget by \$4.3 million.

Salaries are under budget by \$629,000, current benefits are over budget by \$188,000 and future benefits, excluding the provision to add the investment gains and losses to the liability, are over budget by \$992,000. Directors and Representatives salaries are over budget by 0.7% or \$232,000 while Administrative and Technical Salaries are 2% or \$122,000 under budget. Clerical salaries are also under budget by 1.7% or \$158,000. Vacation Relief is under budget by 95% or \$587,000.

Cumulatively, the other operating expenses including Programs are \$6.6 million under budget. Below are some of the more significant items:

1. Operational Travel costs are \$1.7 million under budget due primarily to reduced business travel.
2. Overall programs for the national departments are \$1.3 million under budget largely due to timing of expenditures incurred.
3. Strategic Directions is \$832,000 under budget to this point in the year.
4. Fixed Staffing costs are \$818,000 under budget largely due to reduced vehicle travel so far in the year.
5. EAP Care costs are \$571,000 over budget.

National Defence Fund

As at June 30, 2021, we have \$20 million in Total Assets compared to \$18.6 million at March 31, 2021 and \$18.8 million at December 31, 2020. The cash balance at June 30, 2021 of \$3.4 million is up \$1.4 million compared to March 31, 2021 and up \$1.6 million from December 31, 2020. In addition, we have investments totalling \$14.7 million on the books at June 30, 2021, up very slightly from March 31, 2021.

Under Liabilities we have accounts payable and accrued liabilities of \$553,000 at June 30, 2021 compared to \$796,000 at March 31, 2021 and \$1.1 million at December 31, 2020. There is also \$9.7 million in cost-shared campaigns' liabilities which have decreased by \$200,000 from March 31, 2021. Finally, \$817,000 is owed to the General Fund at June 30, 2021.

At June 30, 2021, the Fund Balance was \$9 million compared to \$7.7 million at March 31, 2021.

Cost-shared campaigns approved by the National Executive Board so far in 2021 were \$2,298,316 with an annual budget of \$4.0 million. There was a recovery of \$699,527 in unused funds from prior years cost-shared campaigns that have been closed out during the first half of the year. Major Organizing expenses were \$1,473,494 against an annual budget of \$4.0 million. National Strategic Initiatives expenses were \$763,860 against an annual budget of \$2.7 million. Regional Strategic Initiatives expenses were \$543,646 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 June 30, 2021.

Total Assets in the National Strike Fund as of June 30, 2021 were \$137 million, slightly up from \$133 million at March 31, 2021. These assets consisted of \$2.2 million in cash, \$2 million in per capita receivable and \$133 million in investments.

Under Liabilities we have accounts payable and accrued liabilities totalling \$235,000, and an amount of \$10,000 due to the General Fund.

Revenue into the Strike Fund, including investment income, was \$7.7 million and expenditures of \$2.5 million, resulting in a surplus before unrealized gains of \$5.2 million. There was an unrealized gain of \$3 million recorded on our Strike Fund investments in the first half of 2021.

STRIKES, LOCKOUTS AND SETTLEMENTS

Local 2348-09 (MB) – Manitoba Interfaith Immigration Council Inc., 19 members returned to work on July 13, 2021 after being locked out since April 28, 2021.

Local 3153 (QC) – Ville de Mercier, 57 members participated in a one-day strike on July 9, 2021.

Local 1349 (NL) – Town of Grand Falls-Windsor, 80 members locked out since July 15, 2021.

PER CAPITA ARREARS

For the quarter ended June 2021 the total arrears were \$9,725,824 which was an increase of \$4,644,526 or 91.40% from the previous quarter ended March 2021. Total arrears have decreased 21.22% as compared to June 2020.

INFORMATION TECHNOLOGY (IT) REPORT

With the third quarter of 2021 nearly behind us, the IT Branch continues to focus on conducting business as usual while working remotely to enable and support the rest of CUPE staff to do the same. The third quarter saw continued work 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 readying for employees' return to the offices as well as Convention.

Per Capita System Re-Development

User testing and training has started and will continue into the Fall of 2021. Implementation plans are still being discussed as we have encountered delays in development which are putting the earliest possible implementation date too close to convention when the PCT system is needed to support the convention registration process. Final decisions on implementation plans and timelines will be made over the course of the fall but implementation is likely to take place early in 2022.

Avanti Human Resources System Enhancements

A project to enhance the tracking and reporting of position management for the Avanti system is underway to help address vacancy reporting and related issues. Implementation planning will start in September.

Member Relationship Management System (MRMS) Enhancements

In preparation for convention this year, modifications to the Events Management (EM) module of MRMS were completed in the summer months to facilitate the constitutional changes passed at last convention.

- Constitutional amendment (6.4) is to allow chartered organizations to register one additional delegate to national convention who self identifies as a member of an equity seeking community: indigenous, LGBTQ2+, racialized workers, women, workers with disabilities and young workers.
- Constitutional amendment (6.5) where the representation of alternate delegates for locals will now be determined by membership count.

The EM module was also enhanced to allow the managing of the convention if it was to be held virtually due to COVID.

Development work has commenced in LUI to add the capability for tracking and reporting of organizing drives. This project currently has a tentative release date of mid-October.

Enhanced IT Security Initiative

The new, 24/7 IT security solution for all users was launched in May and staff will be working with HR to plan and launch end user cyber security awareness training in the latter part of the year.

PROPERTIES AND LEASEHOLDS

Due to the current COVID-19 pandemic, the Property Management Team refocused its efforts in terms of its activities. They continue to concentrate on the work needed to ensure buildings remain safe while they are unoccupied or being used less regularly. Much of our capital project work had to be curtailed but CUPE continues to focus on project work that cannot wait.

CUPE is preparing for the anticipated move to Phase II of the CUPE COVID preventive measures protocol. This includes adjusting and updating cleaning requirements, 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. Clear directives were created for all cleaning contractors and their staff, they were provided with the appropriate disinfecting products, and the Property Management Team 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, CUPE has been opting for short or medium-term lease renewal strategies where possible. Therefore, renewal agreements were concluded for Sault Ste. Marie and Windsor. However, it was decided to move into new locations in both Fort McMurray and Sudbury.

Options are being analysed regarding some other leases coming to term in 2021, such as Kitchener, Oshawa and Kelowna. CUPE has successfully renewed its lease in Medicine Hat and is in the renewal negotiations in Terrace.

CONFERENCES AND EVENTS

Following a special NEB Zoom meeting held on August 17, a decision was made to move ahead with preparations for an in-person convention at the Vancouver Convention Centre and to also prepare for a virtual event incase meeting in person is not possible.

August 24 was a key date with several deadlines for convention – it was the date the Official Call went live on the cupe.ca website, the deadline date for locals to send their resolutions to national office and the date when all credentials were sent out to CUPE locals. Staff and members have been busy booking travel to Vancouver as well as their hotel accommodations with W.E. Travel. The convention office has started receiving completed credential forms from some of our locals, but we anticipate receiving many more before the opening of convention.

While we are all looking forward to meeting in person, COVID-19 still plagues our communities. CUPE continues to monitor COVID-19 cases and is paying particular attention to meeting and gathering restrictions and changes adopted by the BC Government. While we would all like to support Vancouver businesses and the tourism industry, CUPE understands that to hold a national convention, our first priority is the safety of our members and staff. We must have adequate representation from all the regions and to that end, we are working with Encore Global to build a Chime Live platform should we need pivot to holding a virtual CUPE

Convention. This virtual platform, very similar to the one used by the CLC for their convention in June, is being built while we simultaneously prepare for an in-person convention in Vancouver. As always, CUPE staff is diligently working to ensure that our members and staff experience a successful and enjoyable convention, whether they're in Vancouver or in the comfort of their own home.

While summer is a time where most workplaces can scale back their workload CUPE has been busy planning virtual committee meetings, NEB meetings and several meetings for the Safe Union Spaces Working Group as well as our national convention.

PENSION ADMINISTRATION

The 2020 pension annual statements were mailed to all active, retired and deferred plan members at the end of June. Active plan members also have access to their 2020 annual statement through the Plan's website at www.cepp.ca.

As part of its investment review, the JBT has selected Fidelity as a new investment manager for its Emerging Markets Equities Mandate.

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 will hold its next JBT meeting in September to discuss ongoing issues and activities of the pension plan.

Because of the COVID-19 situation, the 2020 and 2021 Pre-Retirement Planning Seminars were cancelled. In the fall of 2021, a pilot seminar will be delivered by Zoom. An analysis of a survey completed by the participants to evaluate this new format will be conducted to ensure that we provide quality Pre-Retirement Seminars in the future.

Retirements

Dianne M. Serran, Windsor Area Office – August 1, 2021
Céline Giguère, Quebec Regional Office – October 1, 2021
Kathy Todd, Kingston Area Office – December 1, 2021
Marjolaine G. Boutin, Rouyn-Noranda Area Office – January 1, 2022
Virginia Brousseau, Barrie Area Office – January 1, 2022
Lorelei Martin, Ontario Regional Office – January 1, 2022
Linda J. Merkac, Oshawa Area office – February 1, 2022
Vicky O'Dell, Calgary Area Office – March 1, 2022
Debra Grimaldi, Saskatchewan Regional Office – October 1, 2022
Marc Ranger, Quebec Regional Office – February 1, 2023

CONCLUSION

As we begin the final quarter of 2021, we continue to operate with heightened awareness of the importance of flexibility and adaptability in preparation for the challenges ahead. As I begin my final quarter as your Secretary-Treasurer, I remain actively committed to continue to support all levels of CUPE in every way possible and to ensure a smooth transition. Our mission continues to be crystal clear. Regardless of pandemic protocols or other challenges, CUPE National is here to fight for our members, to build a strong and dynamic union and to build our communities each and every day. It is this spirit that propels CUPE forward, no matter who is at the helm.

It is the honour of my lifetime to be your CUPE National Secretary Treasurer. CUPE leaders across the country live each day with a never-ending commitment to their members and an undying loyalty to their union. I have strived to be able to support these leaders and their locals with as much dedication and perseverance as possible. This would not have been possible without my office staff. I want to thank all of NSTO's team for the support they gave me day in and day out for the last ten years. I will be forever grateful. I remain fully engaged in every aspect of our work and will continue on after the election of my successor to provide a seamless transition. We still have much work to do. I look forward to seeing you all at the National Convention.

As we move forward our goal remains clear – CUPE National is here to support our members and to defend their rights.

Stay safe. Stay strong. And stay united.

Respectfully submitted,



CHARLES FLEURY
National Secretary-Treasurer

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