

**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD**

Ottawa, Ontario
December 14-16, 2021

Dear Sisters, Brothers, and Friends:

I begin my first report to the National Executive Board with a profound sense of gratitude and respect to each of you and every CUPE member who entrusted me with the role of CUPE National Secretary Treasurer. I am honoured to have been elected as your National Secretary-Treasurer and I am excited to take on this challenge. I want you to know that the stewardship of our collective resources and the administration of our great union is a responsibility that I take very seriously.

My pledge to you is to watch over CUPE resources to ensure that each expenditure contributes to the good of the union and is spent in the service of our members and their communities. I will work to ensure that CUPE continues to have the strong financial and administrative foundation as we continue to build our union and movement.

Over the past two years CUPE members and staff have surpassed all expectations in adapting to the challenges of the pandemic. We join our counterparts across the world in facing unprecedented and fundamental shifts in the operation of our organizations.

Our 2022 budget will be adopted at this NEB. As we recover from the pandemic, although our revenues are projected to increase over the course of the year, we still have some members laid off. Because we project returning to pre-COVID revenue levels later in the year, travel and in-person events will be reduced for part of the year however some events will remain virtual as we need to continue to do more for the environment and our CO2 gas emissions regardless of whether or not the pandemic subsides.

MARK HANCOCK
National President/Président national

CANDACE RENNICK
National Secretary-Treasurer/Secrétaire-trésorière nationale

PATRICK GLOUTNEY, FRED HAHN, JUDY HENLEY, SHERRY HILLIER, LEE-ANN KALEN
General Vice-Presidents/Vice-présidences générales

I am very happy to announce that the 2022 budget proposal contains a total of 15 new positions of which 11 are new permanent positions, two are existing temporary positions that are being made permanent and two are temporary positions. In addition, one clerical position has been upgraded from a Stats Clerk Typist to a Bookkeeper 1 and one Servicing rep position has been reclassified from unilingual to bilingual.

CUPE National 30th Biennial Convention

Our recent CUPE National Convention was held virtually November 23-26 and attended by over 2,100 delegates and 190 alternates. I have to say that conducting a virtual convention was a far cry from the power and energy that we experience at an in-person convention. CUPE delegates were nevertheless able to participate and pass very significant constitutional amendments and resolutions, our Action Plan for the next two years as well as the Anti-Racism Strategy. I am particularly proud of the work done by the women members of the NEB who presented the interim report of the groundbreaking work begun by the National Safe Spaces Working Group.

We have mapped out a clear path for CUPE for the next two years. Some important constitutional amendments cleared the way for virtual membership meetings. Electronic authorizations of expenditures for our chartered organizations were also approved. Many resolutions passed showed that CUPE National is ready to take on the new realities and to continue the struggle for justice in our workplaces and communities.

By many accounts the convention was a technical success and I congratulate the delegates for their participation and patience.

Ontario School Board Council of Unions (OSBCU)

I was honoured to be invited to address the OSBCU leadership meeting on December 3, in Markham just north of Toronto. I was very appreciative of the welcome I received at my first post-convention speaking engagement. I brought greetings on behalf of the NEB and our members across the country and pledged our full support for as OSBCU they prepare for a challenging round of central bargaining in 2022.

CUPE Ontario Women's Conference

On December 10, I delivered the keynote address to the CUPE Ontario Women's Conference. In my remarks I commended the Ontario Women's Committee and Division Executive Board for their work in the area of ensuring safe unions spaces by advocating for the expansion of the CUPE Code of Conduct across all CUPE Ontario events, increased education, prevention and follow up on sexual harassment and gender-based violence in the region. I was able to report on the work of the taken on throughout 2021 by the women NEB members who make up the National Safe Spaces Working Group. I was able to report on the NEB's commitment to follow up on this critical area of work over the coming months.

CUPE Ontario Human Rights Conference

I was honoured to bring greetings to the virtual CUPE Ontario Human Rights Conference on December 3, 2021. This year's theme was "Empowering Change" and I reinforced gratitude for and recognition of the enormous contribution made by all equity seeking workers during the pandemic. I recommitted to continue to do everything in my power to support and enhance our commitment to equality within and outside CUPE.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021

General Fund

The total assets in the General Fund at September 30, 2021 were \$334.5 million compared to \$322.6 million at June 30, 2021 and \$299.1 million at December 31, 2020. The items of significance are discussed below.

The bank balance at September, 2021 of 31.4 million is a \$2.6 million increase from the bank balance at June 30, 2021. This will require the transferring of 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 \$287.6 million at September 2021 compared to \$278.4 million at June 30, 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 third quarter of 2021, partly due to positive performance of the investment markets, we recorded an overall increase of \$26 million in the booked liability – when compared to the balance at December 31, 2020, bringing the total recorded liability at September, 2021 to \$220.6 million.

The Fund Balance at September 30, 2021 is \$46.9 million of which a total of \$3.3 million is restricted as follows: Convention and National Events Assistance Fund \$883,000 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 \$25.7 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 \$9.1 million, compared to a budgeted deficit of \$1.3 million. Per Capita revenue is over budget by \$2.9 million and total revenue is over by \$17.6 million due primarily to an unrealized gain of \$14.3 million in our investment accounts. Total expenses are over budget by \$7.1 million.

Salaries are under budget by \$309,000, current benefits are over budget by \$344,000 and future benefits, excluding the provision to add the investment gains and losses to the liability, are over budget by \$1.7 million. Directors and Representatives salaries are over budget by 0.9% or \$411,000 while Administrative and Technical Salaries are 3.2% or \$290,000 under budget. Clerical salaries are also under budget by 2.7% or \$379,000. Vacation Relief is under budget by 6.2% or \$58,000.

Cumulatively, the other operating expenses including Programs are \$8.9 million under budget. Below are some of the more significant items:

1. Operational Travel costs are \$2.4 million under budget due primarily to reduced business travel.
2. Overall programs for the national departments are \$2 million under budget largely due to timing of expenditures incurred.
3. Fixed Staffing Costs are \$1.3 million under budget largely due to reduced vehicle travel so far in the year.
4. Strategic Directions is \$1.2 million under budget to this point in the year.
5. EAP Care Costs are \$830,000 over budget.

National Defence Fund

As at September 30, 2021, we have \$22.4 million in Total Assets compared to \$20 million at June 30, 2021 and \$18.8 million at December 31, 2020. The cash balance at September 30, 2021 of \$5.5 million is up \$2.1 million compared to June 30, 2021 and up \$3.7 million from December 31, 2020. In addition, we have investments totalling \$14.7 million on the books at September 30, 2021, up very slightly from June 30, 2021.

Under Liabilities we have accounts payable and accrued liabilities of \$409,106 at September 30, 2021 compared to \$553,000 at June 30, 2021 and \$1.1 million at December 31, 2020. There is also \$9.3 million in cost-shared campaigns' liabilities which have decreased by \$400,000 from June 30, 2021. Finally, \$1.2 million is owed to the General Fund at September 30, 2021.

At September 30, 2021, the Fund Balance was \$11.4 million compared to \$9 million at June 30, 2021.

Cost-shared campaigns approved by the National Executive Board so far in 2021 were \$3,306,255 with an annual budget of \$4.0 million. There was a recovery of \$1,866,995 in unused funds from prior years cost-shared campaigns that have been closed out during the year. Major Organizing expenses were \$2,106,449 against an annual budget of \$4.0 million. National Strategic Initiatives expenses were \$963,564 against an annual budget of \$2.7 million. Regional Strategic Initiatives expenses were \$934,730 with a budget for the year of \$2.3 million.

National Strike Fund

Total Assets in the National Strike Fund as of September 30, 2021, were \$140 million, slightly up from \$136.7 million at June 30, 2021. These assets consisted of \$4.6 million in cash and \$2.1 million in per capita receivable and \$133.3 million in investments.

Under Liabilities we have accounts payable and accrued liabilities totalling \$154,000, and an amount of \$18,000 due to the General Fund.

Revenue into the Strike Fund, including investment income, was \$11.5 million and expenditures of \$3 million, resulting in a surplus before unrealized gains of \$8.4 million. There was an unrealized gain of \$3.1 million recorded on our Strike Fund investments year-to-date in 2021.

STRIKES, LOCKOUTS AND SETTLEMENTS

Prov.	Local	Employer	Members Participating	Strike / Lockout 2021 Dates
NL	1349	Town of Grand Falls-Windsor, 80 members locked out	80	Lock out July 15 – Oct. 25
NB	1418	Province of New Brunswick	758	Strike Oct. 29 – Nov. 14
NB	588	Province of New Brunswick	116	Lock out Oct. 29 – Nov.14
NB	1251	Province of New Brunswick	656	Lock out Oct. 27 – Nov 17
NB	2745	Province of New Brunswick	3,281	Lock out Oct. 29 – Nov 18
NB	1190	Province of New Brunswick, General Labour and Trades	1,180	Lock Out Oct. 29 – Nov 18
NB	1253	Council of School District Unions	3,000	Lock out Oct. 29 – Nov.18 (rejected tentative agreement)
NB	1252	New Brunswick Council of Hospital Unions	3,000	Lock out Oct. 27 – Nov 18

Prov.	Local	Employer	Members Participating	Strike / Lockout Dates
NB	1840	Provincial Court of Stenographers	18	Lock out Oct. 31 – Nov. 15
NB	1866	Workplace H&S and Compensation	104	Lock out Oct. 31 – Nov 19
NB	5017	New Brunswick Community Colleges	86	Strike Oct. 28 – Nov 18
NB	5026	Province of New Brunswick	78	Strike Oct. 29 – Nov. 14
NB	1154	Province of New Brunswick	31	Strike Oct. 29 – Nov. 14
NB	1215	Province of New Brunswick	47	Strike Oct. 30 – Nov. 14
MB	1630	Rolling River School Division	21	Strike Nov. 1 – ongoing
QC	5959	Société de Transport de Laval (STL)	640	Rotating Strike November 3, 26, 27
QC	3535	Société des alcools du Québec (SAQ)	800	Rotating Strike November 16, 22,23
QC	301	Société d'habitation et de développement de Montréal	34	Strike Dec.8 – ongoing

PER CAPITA ARREARS

For the quarter ended September 2021 the total arrears were \$9,267,578 which was a decrease of \$458,246 or 4.71% from the previous quarter ended June 2021. Total arrears have decreased 33.36% as compared to September 2020.

INFORMATION TECHNOLOGY (IT) REPORT

With the last quarter of 2021 nearly behind us, the IT Branch continues to focus on conducting business as usual while working mostly remotely to enable and support the rest of CUPE staff to do the same. The last 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, strengthening CUPE's IT Security posture and readying and supporting the National, virtual Convention.

Per Capita System Re-Development

Implementation plans including testing are being discussed and finalized. They will be assessed on a regular basis to ensure a smooth and error free implementation, likely to take place in Q3 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. Testing has been completed and approved by CUPE HR. Implementation planning to put this new functionality into production will happen in February-March 2022.

Member Relationship Management System (MRMS) Enhancements

We have begun to test our new system MRM LUI which tracks and reports on organizing drives. This project currently has a tentative release date of early December.

Enhanced IT Security Initiative

Working with our security partner, CUPE IT will be launching our Cyber Security Awareness training for all CUPE employees in November/December. With the increase in security threats and issues, it is imperative that we continue to enhance our knowledge and vigilance. This training builds on the security enhancements that CUPE IT has already implemented including Multi Factor Authentication (MFA) and later this year, an enhanced password policy. Stronger more complex passwords will allow CUPE to further strengthen its security posture.

PROPERTIES AND LEASEHOLDS

Due to the COVID-19 pandemic, the Property Management Team continues 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 and maintenance work that cannot wait.

The property team is also getting prepared for the ultimate 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, during the third quarter of the year, renewal agreements have been concluded for Dalhousie, Sydney, Kitchener, Edmonton and Terrace and we are working on a renewal in Kelowna. We have however decided to move into new locations in Sudbury and Fort McMurray. In Gatineau we have decided to sell our interest in the building we had through the AIFTQ and will be leasing new space for that office. We continue leasehold improvement work in Winnipeg as we work on fitting up expansion space we recently secured.

We have identified a number of offices that require an upgrade to their security system and have been working on those throughout the past few months. This will provide a great improvement for the safety of our staff.

CONFERENCES AND EVENTS

CUPE just held its thirtieth Biennial Convention from November 22 to 26, 2021, marking its first ever virtual convention. While the majority of our participants joined virtually using the Chime platform, CUPE sent a small contingent of staff, NEB members and delegates to Vancouver, BC, where we set-up our broadcast stage and offices from the Vancouver Convention Centre.

Our virtual convention was a huge success with over 2,100 delegates and 190 alternates.

CUPE was very proud to air a number of pre-recorded speeches at the convention including one by the leader of the New Democratic Party, Jagmeet Singh. Mr. Singh's heartfelt speech was one of the highlights at this year's convention for both CUPE staff and delegates.

In addition to events taking place in 2021, we are busy planning meetings for 2022 which include National Branch meetings, National Executive Board Meetings, the All Committees' Meeting in March, as well as our fifth Sector Council Conference taking place in Ottawa next October. This year was a very busy year for the CUPE convention office and there is no slowing down in 2022.

PENSION ADMINISTRATION

The January 1, 2021, actuarial valuation process was completed in September. At the September Joint Board of Trustees (JBT) meeting, the Board agreed not to file the report with the Regulators. The next actuarial valuation report that will need to be filed is at January 1, 2023.

The retirees' monthly pension benefits payable on December 1, 2021, reflected the applicable indexation rate (0.67% or proportionately for those who retired in 2020) and included a retroactive adjustment for the period from January 1 to November 30, 2021. A letter with indexation details was sent to all retired members in November.

Because of the COVID-19 situation, the in-person 2020 and 2021 Pre-Retirement Planning Seminars were cancelled. However, a pilot seminar was held in October by Zoom. Feedback from participants is very positive. Other pilot seminars will be offered to better analyze this new format.

As part of its investment review, the JBT selected Fidelity as a new investment manager and, in November, allocated 5% of the CEPP fund to their Emerging Markets Equities' Mandate.

The Joint Board of Trustees held its fourth meeting of the year early December to discuss ongoing activities of the Plan.

The fall 2021 CEPP newsletter Pension Connection was sent to all participants in December and is available on the CEPP website at: www.cepp.ca.

I am very glad that Charles Fleury has agreed to stay on the JBT for one year as Co-Chair to allow me time to better understand the role. Charles has agreed for me to shadow him in this important role.

Retirements

Linda J. Hanton, Kenora Area Office – November 1, 2021
Charles Fleury, National Secretary-Treasurer's Office – January 1, 2022
Sylvie A. Brunet, Human Resources Department – January 1, 2022
Laura M. Hacker, Ontario Regional Office – January 1, 2022
Norma Zubickova, Ontario Regional office – January 1, 2022
Lesley A. Swann, Ontario Regional Office – January 1, 2022
Suting Hum, Union Education Branch – January 1, 2022
Susan D. Coen, Atlantic Regional office – February 1, 2022
Ken L. Young, Administration Branch – February 1, 2022
May H. Fung, Accounting Branch – February 1, 2022
Monique Diotte, Research, Job Evaluation, Health & Safety Branch – February 1, 2022
Nelson Campbell, Technology Branch – February 1, 2022
Amessan Gnawa, Technology Branch – February 1, 2022
Sharon McKenna, Ontario Regional Office – February 1, 2022
Steven S. Leavitt, Niagara Area Office – February 1, 2022
Kari Rudd, Per Capita Branch – March 1, 2022

William Pegler, British Columbia Regional Office –April 1, 2022
Kelli L. Lawrence, Nanaimo Area Office – May 1, 2022
Tony Miotti, Calgary Area Office – June 1, 2022
Robert A. Lamoureux, National Services Department – June 1, 2023

CONCLUSION

As we prepare to welcome the new year, we can be confident that CUPE National is on solid footing and is well able to withstand the challenges ahead. I am extremely grateful to our former Secretary-Treasurer Charles Fleury for leaving CUPE’s financial and administrative house in order. I also thank Charles for all the work he did to prepare the 2022 budget and also for his enduring support and friendship.

I want to thank the delegates at National Convention for the honour of serving as your CUPE National Secretary-Treasurer. We know that there will be significant struggles ahead. We also know that together we will continue to build a strong and responsive organization, well positioned to face each challenge in the coming year. While the struggles will be significant, we will continue to build our union through resourcing increased member and community engagement, improvements to our internal systems and improved services to our members.

As I begin my new term and as we begin the holiday season, we acknowledge our significant accomplishments. I wish each of you and every CUPE member and staff person a peaceful and happy holiday. Please rest up and rejuvenate. May we all return in the new year with renewed energy and commitment for the struggles ahead.

I look forward to the new year and the new term ahead.

Respectfully submitted,



CANDACE RENNICK
National Secretary-Treasurer

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