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**NATIONAL SECRETARY-TREASURER'S REPORT
TO THE
NATIONAL EXECUTIVE BOARD**
Ottawa, Ontario
September 20-21, 2023

Dear Sisters, Brothers, and Friends:

Excitement is building up in anticipation of our 31st National Convention in October. The last quarter has therefore largely been focused on preparing to welcome CUPE delegates to beautiful Quebec City on October 23 to 27. As this will be our first in-person convention since 2019, we are preparing for a dynamic event that will showcase the incredible work that has been done over the last two years, gather delegates' inputs in developing our orientations for the next two years, and celebrate CUPE's 60th anniversary.

As we are about to enter the year's last quarter, inflation and high interest rates continue to put pressure on our members and their communities. Purchasing power has been greatly affected these past couple of years and this fundamental issue is reflected in locals' demands at the bargaining table throughout the country. Our members cannot expect to keep up under restrictive government mandates to maintain their wages down or to limit funding of public and community services.

The resurgence of militancy from locals everywhere who are prepared to stand up and fight for what they deserve is truly inspiring. Over the summer, I had the opportunity to meet many of our courageous members on strike. It is always a humbling experience to stand in solidarity with those who have given so much to their communities and are demanding only their fair share. I love that we are with them on the frontline as we represent their legitimate demands at the bargaining table, walk with them on picket lines or gather with them for demonstrations and community events.

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

Visits to Striking CUPE Locals

On July 5, Mark and I visited the picket lines of CUPE 561 from First Transit in Coquitlam, Chilliwack and Abbotsford. The members of local 561 who had been without a contract for over 3 years began their strike on March 21 fighting for fair wages. These great transit workers were making 32% less than other transit workers in their region. On July 21, with the help of Mediator Vince Ready, the parties reached a settlement that includes the introduction of a pension plan. The ratification of this mediated settlement on July 25 ended the 124-day strike.

In July, we also visited the picket line of CUPE 2577 in Brockville, Ontario. After trying to get a fair deal for 18 months, these child protection workers and support staff started a strike on July 12. Their fight for manageable workloads and fair wages lasted 3 weeks. On August 2, a new contract was ratified which included higher wages and improved workload language.

On July 21, I also had the immense privilege to picket in Bradford along our members from CUPE 905 on the first day of their strike. These 36 library workers joined CUPE in the Fall of 2021 and are seeking a first collective agreement. Some of these members – who are 90% women – have not seen a wage increase in five years. I joined their picket line again on August 24 along with many young children and community members.

Of course, many more CUPE locals are fighting for fair wages and working conditions. With the solidarity of our members and the strength of our National Strike Fund, they have what they need to stay out for as long as it takes to win the respect they deserve. They have all of my support and admiration for their courage and tenacity.

PEI Community BBQ

On August 15 Mark and I joined CUPE members and CUPE PEI's new President Ashley Clark in Charlottetown to celebrate Acadian Day and Old Home Week. The Government of PEI recently announced rates increases for public long-term care. CUPE PEI continues to be a strong advocate for universal public long-term care. Spending a day in an informal setting with members who understand the value of public services and defend them daily was a great privilege. We were joined by General Vice-President Sherry Hillier and Regional Vice-President Nan McFadgen.

CUPE Quebec Charity Golf Tournament

On August 17, I participated in the CUPE Quebec Golf Tournament alongside more than 200 CUPE members and leaders. The event was a fundraiser for the Immigrant Workers Centre, a not-for-profit organization that defends the rights of immigrants in their workplaces. It was inspiring to meet the representatives of this essential organization who provide legal assistance to some of the most vulnerable workers in Quebec and fight alongside them for dignity, respect and justice. I thank CUPE Quebec for organizing a successful event. With a matching donation from CUPE National, the golf tournament raised a total of \$30,000 for the Immigrant Workers Centre.

CUPE Ontario Strategic Planning Session

In late August, I joined the CUPE Ontario Executive Board for the opening of their Strategic Planning Session in Niagara. Good jobs are under attack almost everywhere in the country and this is especially true in Ontario with Doug Ford's conservative government in place. Ontario has a great team in place to fightback and stand behind CUPE members who are on picket lines or at the bargaining tables demanding living wages, better working conditions and strong public services for their community.

Labour Day

It was so great to watch on social media the presence that CUPE members had in their communities all across the country celebrating Labour Day. For the first time in my adult life, I didn't attend a labour day event as I was isolating at home with a bout of COVID. A reminder that the virus is still with us and we should continue to be vigilant and take appropriate measures to keep those around us safe.

Public Services International (PSI)

The North America Subregional Meeting of Public Services International (PSI) took place on September 7-8 in Washington DC, hosted by the American Federation of Teachers (AFT) and SEIU. My office was represented at this meeting by Andrea Addario. This annual meeting is an opportunity to share information about recent struggles and victories, and to exchange information and strategies on common issues. The upcoming World Congress in 2023 and the Inter-American Regional Conference in 2024 presented us with the opportunity to reconsider how we want to work and campaign together across borders. Meeting discussion focused on updates and analysis on PSI priority campaigns such as pandemic treaty negotiations, the climate crisis, migration, digitalization, and pension fund capitalism.

Safe Union Spaces

On June 27 the staffing sub group of the Safe Union Spaces met to consider the eventual staffing of the new office. On September 11, the full Safe Union Spaces Working Group met to discuss recommendations from the staffing sub group, and to finalize the plan for safe spaces at National convention. At this NEB meeting the Working Group will present a plan for our report at Convention, as well as make recommendations to commence the first hiring for the Office for the Prevention of Sexual Harassment and Gender-based Violence. I am very proud of the work the SUSWG and staff have done to implement recommendations for convention and the creation of the new office. Over the last two years the Working Group has moved this work forward in a determined way, and I am confident that our ongoing efforts will ultimately yield a stronger CUPE.

2023 CONVENTION

Preparations for the 60th Anniversary Convention are well underway.

As of August 31st, 1197 delegates and 99 alternates – representing 355 locals, 4 Divisions, 5 Council of Unions and 9 District Councils have registered.

We received 221 Resolutions and 39 Constitutional Amendments which will be forwarded to the respective convention committees for review.

Smaller locals were invited to utilize our National Event Assistance Fund to ensure they are well-represented at Convention. This year, 25 locals were approved for assistance for a maximum of 50 delegates. In 2021, 32 locals received same financial assistance. We would like to see this support number grow so we will work on strategies to better promote the fund and encourage more locals to apply for access.

We experienced an unexpected circumstance regarding hotel rooms. Post COVID, it appears most locals are no longer sharing hotel rooms, meaning we require many more rooms to accommodate roughly the same number of delegates. As a result, a significant waiting list grew for hotel accommodations.

Staff have been working with WE Travel for weeks attempting to find additional hotel space. Thanks to the tireless efforts of a team of folks, we believe we will be able to accommodate all the hotel room demands. However, to achieve this, we have had to book many rooms outside of the downtown core perimeter. If needed, we may have to book some non-unionized hotels. For the hotels located a distance from the Convention Center, we will provide a return daily shuttle.

Once we are through Convention, we will need to assess the feasibility of returning to Quebec City for a National Convention. It is possible that we have outgrown the space, especially in light of the new post-COVID realities.

We are also finding that labour and supply costs have increased significantly since our last in-person convention, and we are working hard to contain costs where appropriate while ensuring we maintain the quality of our event.

I want to acknowledge and thank all the staff in the convention office, and all other departments who have been working flat out to ensure that our 31st Convention is a success.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2023

GENERAL FUND

Statement of Financial Position

Assets: The total assets in the General Fund at June 30, 2023 were \$374 million compared to \$363 million at December 31, 2022 and \$347 million at June 30, 2022. The items of significance are discussed below.

The bank balance at June 30, 2023 of \$7.8 million is a \$16.2 million decrease from the bank balance at December 31, 2022 due to the movement of excess cash into investments. The bank balance includes various internal cash reserves which are set aside for the 2023 convention, retirement payouts, future benefits funding, property maintenance and the Regional Building Fund.

Liabilities: The total liabilities in the General Fund were \$327.5 million at June 30, 2023 compared to \$316.4 million at December 31, 2022 and \$297.8 million at June 30, 2022.

Employee Future Benefits: As at December 31, 2022 CUPE had recorded the full liability of \$249.6 million on the Balance Sheet and had met the goal of the Employee Future Benefit Roadmap that was put in place in 2005. Since then, we have continued to book the expense according to the budget through the first 6 months of the year, as of June 30, 2023 the liability recorded for employee future benefit stands at \$262.5 million.

Fund Balance: The Fund Balance at June 30, 2023 is \$46.5 million of which a total of \$3.6 million is restricted as follows: Convention and National Events Assistance Fund \$1.2 million and Regional Building Fund, \$2.4 million. Of the remaining Fund Balance, we have invested \$70.2 million in fixed assets leaving a negative unrestricted balance of \$27.4 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.

Statement of Operations

The operating deficit for the year to date is \$381,000, compared to a budgeted deficit of \$2.9 million.

Revenue: Per Capita revenue is slightly above budget by \$2.2 million and total revenue is over by \$9.2 million due primarily to an unrealized gain of \$4.9 million in our investment accounts.

Expenses: Total expenses are over budget by \$6.6 million.

Salaries are under budget by \$33,000, current benefits are over budget by \$897,000 and future benefits, excluding the provision to add the investment gains and losses to the liability, are over budget by \$537,000. Directors and Representatives salaries are over budget by 1.1% or \$394,000 while Administrative and Technical Salaries are 1.2% or \$84,000 over budget. Clerical salaries are also over budget by 0.6% or \$61,000. Vacation Relief is under budget by 55% or \$574,000.

Operating Expenses

Cumulatively, the other operating expenses including Programs are \$278,000 under budget. Below are some of the more significant items:

1. Strategic Directions is \$951,000 under budget to this point in the year.
2. Overall programs for the national departments are \$555,000 under budget with some of this due to the timing of expenditures incurred.
3. Fixed Staffing Costs are \$531,000 under budget.
4. Operational Travel costs are \$2 million over budget due primarily to ramped up business travel and increased costs for fuels, flights and hotel rooms.

NATIONAL DEFENCE FUND

Statement of Financial Position

Assets: As at June 30, 2023, we have \$29.7 million in Total Assets compared to \$28.1 million at December 31, 2022. The cash balance at June 30, 2023 of \$2.5 million is down \$3.5 million compared to December 31, 2022. In addition, we have investments totalling \$24.8 million on the books at June 30, 2023, up \$5.3 million from December 31, 2022.

Liabilities: We have accounts payable and accrued liabilities of \$469,000 at June 30, 2023 compared to \$2.1 million at December 31, 2022. There is also \$11.2 million in cost-shared campaigns' liabilities which has increased by \$1.0 million from December 31, 2022. Finally, \$417,000 is owed to the General Fund at June 30, 2023.

Fund Balance: At June 30, 2023, the Fund Balance was \$17.6 million, up \$2.2 million from December 31, 2022.

Statement of Operations

At June 30, 2023, the Defence fund had a surplus of \$2.2 million.

Revenue: Total revenue at June 30th was \$8.1 million.

Expenses: Total expenses for the six months ending June 30th were \$5.9 million as follows:

Cost-shared campaigns: \$3.9 million in cost-shared campaigns have been approved by the National Executive Board with an annual budget of \$4.9 million. There was a recovery of \$1.6 million in unused funds from prior years cost-shared campaigns that have been closed out during the first half of the year.

Major Organizing expenses: Expenses were \$1,949,619 against an annual budget of \$4.575 million.

National Strategic Initiatives: Expenses were \$1,256,584 against an annual budget of \$2.85 million.

Regional Strategic Initiatives: Expenses were \$352,889 with a budget for the year of \$2.45 million.

NATIONAL STRIKE FUND

Statement of Financial Position

Assets: Total assets in the National Strike Fund as of June 30, 2023 were \$132.8 million, down from \$135.5 million at December 31, 2022. These assets consisted of \$7.2 million in cash and \$2.4 million in per capita receivable and \$120.2 million in investments.

Liabilities: We have accounts payable and accrued liabilities totalling \$2.4 million.

Fund Balance: At June 30, 2023, the Fund Balance was \$130.4 million, compared to \$130.6 million at December 31, 2022.

Statement of Operations

At June 2023 the fund had a deficit from operations of \$1.5 million and unrealized gains of \$1.3 million bringing the net deficit to \$206,000.

Revenue: Total Revenue including realized investment income, was \$8.8 million.

Expenses: Total expenses at June 30th were \$10.3 million as follows:

Strike Related Expenses: \$7,550,236
Strike Averting Expenses: \$1,975,195
Legal and Arbitration Expenses: \$238,107
Bargaining Rights Legal Challenges: \$550,000

STRIKES AND LOCKOUTS FOR THE Q2 2023 FINANCIAL REPORTING PERIOD

CUPE members are standing up and demanding more and better all across the country. During the Q2 reporting period the following locals were on strike, or locked out:

NS – Local 5047 Halifax Regional School Board
QC – Local 1690 Municipality of Sainte-Julie
QC – Local 5454 Société québécoise du cannabis
QC – Local 2614 Société des arrimeurs du Québec (lockout)
QC – Local 301 City of Westmount
QC – Local 3332 City of Longueuil
ON – Local 4600 units 01 and 02 Carleton University Teaching Assistants and Contract instructors
ON – Local 2276 Community Living Port-Colborne
ON – Local 233 Toronto Metropolitan University
BC – Local 561-07 First Canada ULC

STRIKES, LOCKOUTS AND SETTLEMENTS FOR THE CURRENT QUARTER (Q3)

At the date of writing this report, the following locals had been on strike or locked out in the current quarter:

Local 5454 (QC) – Société québécoise du cannabis, 150 members on strike since May 17, 2022.

Local 2614 (QC) – Société des arrimeurs du Québec (longshore workers), 81 members locked out since September 15, 2022.

Local 905 (ON) – Bradford West Gwillimbury Public Library, 36 members on strike since July 21, 2023.

Local 71 (ON) - Town of Cochrane, 65 members on strike since July 31, 2023.

Local 882 (SK) – Municipality of Prince Albert, 139 members on strike since September 11, 2023.

Local 486 (NB) – City of Saint John, 149 members on strike since September 12, 2023.

Local 301 (QC) – City of Westmount, on strike June 22, 2021, settled August 9, 2023.

Local 2577 (ON) – Family and Children’s Services of Lanark, Leeds and Greenville, 85 members on strike July 12, settled August 2, 2023.

Local 561 (BC) – First Canada ULC, 138 members, on strike February 27, 2023, settled July 22, 2023

PER CAPITA ARREARS

For the quarter ended June 2023 the total arrears were \$8,370,001 which was an increase of \$651,246 or 8.44% from the previous quarter ended March 2023.

Total arrears have increased 3.88% as compared to June 2022.

INFORMATION TECHNOLOGY (IT) REPORT

Member Relationship Management System (MRMS) Enhancements

The IT development team continues to be focused on enhancing the MRMS Local Union Information (LUI) module including, revamping the officers' form, the employer section, building new reporting capabilities, and creating the ability to merge duplicate member records, which will in turn, help keep the data cleaner.

In the MRM Collective Agreement (CA) module, development efforts are being focused on adding dashboards for the Collective Agreement Analysts and Administrative users of the system for better analytical reporting.

The IT development team is also developing a new, improved "Just Pay" application, which will eventually replace the system currently in use by CUPE's Job Evaluation staff.

Finance System Replacement

CUPE's current financial accounting system has been serving CUPE for nearly 20 years and is now quite outdated. Microsoft has also announced that it will be discontinuing support of this software in the near future.

We are moving to a system called Dynamics 365 Finance and Operations (F&O). The project to implement Dynamics 365 F&O is now well underway and is expected to take the remainder of 2023 before targeting implementation in the first part of 2024.

Per Capita Tax System Replacement (will be renamed LRS Local Remittance System)

CUPE's current, inhouse developed PCT system has been serving CUPE well for 10+ years and needs to be replaced due to both challenges in meeting new requirements and technological obsolescence. A portion of a PCT system overlaps with an accounting system and given the replacement of CUPE's Accounting system is also underway, we will be taking this opportunity to create a more automated integration between the new LRS and the new Accounting system.

The project to implement the new LRS is now well underway and is expected to take the remainder of 2023 before targeting implementation in conjunction with the new Accounting system in the first part of 2024.

Avanti

The team is reviewing Avanti capabilities to capture Self Identification data for employees for Diversity, Equity and Inclusion. A demo has been presented to the HR Team.

Information Management (IM) Solution - CUPEDocs

The CUPEDocs implementation at the National Office is almost complete. Since the beginning of the solution rollout, over 172 staff have been trained on the solution premised on Teams and SharePoint.

Work in Q3 was focused on the deployment of the document type column for the National Office. By utilizing this new column, CUPE's workflow will be streamlined, as users can now quickly filter and sort documents according to their respective types thereby saving valuable time and effort. This functionality will significantly simplify the retrieval of specific documents, ensuring that the right information is readily accessible when needed, leading to improved productivity.

Moreover, the document type column's implementation lays the groundwork for CUPE's retention and disposition of electronic files which will be automated and based on the document types. The project team is currently looking to launch this solution near the end of 2023.

The project team is also working on some other related projects such as Teams for the CUPE Leadership group and training materials for all staff.

The next phase for the CUPEDocs team is to continue discussing and planning the rollout to the regions which we are targeting to start in late 2023 with the work continuing into 2024 until all regions are migrated.

End User IT Infrastructure / IT Security

CUPE's aging fleet of Xerox printers is being replaced with an eye on current and future printing/copying/scanning trends.

In today's world of IT security threats, viruses and malware are now also targeting smartphones. CUPE rolled out an anti-malware solution for smartphones in June 2023.

IT are currently testing biometric options for stronger authentication and simplified password procedures along with rolling out an annual cybersecurity awareness training program in order to ensure CUPE's IT investments are continually protected against external threats. As a condition of our cybersecurity insurance policy, CUPE staff must train annually.

PROPERTIES AND LEASEHOLDS

We are in the process of implementing a new standard office design which aligns with post-covid work environments and will better serve our operational requirements. The property management team has started rolling out this new design in 2023 as we relocate leased offices and renovate owned facilities.

During this third quarter of the year, we secured a lease renewal in London. We are also in lease negotiations to secure new office space in Edmonton and Regina, and to renew leases in Niagara and Lethbridge.

We have on-going leasehold improvement projects for new spaces in Dauphin, Sudbury, New Glasgow and Victoria, and for the expanded space at the Manitoba Regional Office. We recently completed new leasehold improvements in Oshawa as well as renovations to our Brandon office.

We are also performing capital investments in several of our properties, including a major HVAC upgrade and major exterior repairs at the Ontario Regional Office, and numerous security systems upgrades throughout the portfolio.

PENSION ADMINISTRATION

Changes were made to the retirees' inflation protection payments as of September 2023. Effective September 1, 2023, the indexation rate on the pensions payable from the CUPE Employees' Pension Plan (CEPP) changed to 4.43%. This is due to a revision of the final results of the Actuarial Valuation as at January 1, 2023 received by the Joint Board of Trustees on June 28, 2023. A letter was sent to all retired members in August to inform them of the change.

The Joint Board of Trustees will hold its JBT meeting on September 26, 2023, to discuss ongoing issues and activities of the pension plan.

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

The 2023 Pre-Retirement Planning Seminars will continue to be delivered by Zoom. CEPP members who are eligible to attend these seminars have been invited.

The 2022 pension annual statements were mailed to all active, retired, and deferred plan members at the end of June. For pension estimates purposes, active plan members also have access to their current and past pension annual statements through the Plan's website at www.cepp.ca.

Retirements

Kelly L Dussin, Fraser Valley Area Office – July 1, 2023

Gavin Leeb, Legal Branch – September 1, 2023

Sheree Capar, Manitoba Regional Office – October 1, 2023

Jessica Soucé, Local 79 Office – December 1, 2023
Wendy D Morrison, Research, Job Evaluation, Health and Safety Branch –
February 1, 2024
Peter A Coombes, British Columbia Regional Office – March 1, 2024

CONCLUSION

As we are preparing for our September NEB meeting, unprecedented wildfires continue to rage across the country, displacing entire communities and putting the most vulnerable among us at great risk. I want to express my deep solidarity with these communities and the affected CUPE members. They have all of my support during these incredibly difficult times.

This is my last report of this first mandate as National Secretary-Treasurer of our great organization. It has been a privilege to serve in this position for the last two years and work alongside members in their fight for a more just society and better working conditions. Everyday, I have been reminded of the strength and resolve of our members by joining them on picket lines, in their meetings and assemblies and representing them in the labour movement in Canada and abroad. I am truly honoured to be your National Secretary-Treasurer. I could not be prouder of the work we accomplish together.

Respectfully submitted,



CANDACE RENNICK
National Secretary-Treasurer

:cm/ceu