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

Ottawa, Ontario
March 29-30, 2023

Dear Sisters, Brothers, and Friends:

The first quarter of 2023 has been incredibly busy, with our first round of in-person staff meetings since before the COVID-19 pandemic, and the start of division conventions. It has been wonderful to continue seeing members and staff in person for the first time after nearly three years of gathering primarily online.

As I start my second full year as your National Secretary-Treasurer, I am taking inspiration from all the good work I see happening in your regions. So many of you are challenging tough employers at bargaining tables, with smart strategies and community alliances that help us tackle crushing inflation and interest rates that have been rapidly rising. I am proud to see that work, and I want you to know we are in a strong enough financial position to be able to back up the worthy fights you are taking on in your regions.

As you will see from this report, the preliminary year-end financial result is showing a surplus in the General Fund and the Defence Fund. As we start a new fiscal year, I will work hard to ensure that our resources remain solid and dedicated to the many challenges that lie ahead.

Division Conventions

Saskatchewan: In addition to staff meetings in every region, I attended the Saskatchewan Division Convention in the first week of March. Sister Judy Henley presided over a dynamic convention that kicked off on International Women's Day (IWD). I was happy to spend IWD with my sisters in Saskatchewan, where Judy and Sister Gina McKay and I delivered an update on the Safer Union Spaces Working Group.

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

Alberta: This past week I was also able to attend the Alberta Division convention in Fort McMurray. Congratulations to Brother Rory McGill and his executive, for a well-attended and productive convention held in Fort McMurray.

Prairie Political Summit

In January, the three prairie provinces held a political summit in Calgary, pooling resources to do some much-needed skills building and organizing toward getting rid of the conservative governments in Alberta, Saskatchewan, and Manitoba. I was fortunate to be able to attend briefly and bring greetings.

Ontario Social Service Workers' Conference

I closed the Ontario Social Service Workers' Conference in Toronto in early March, and had the opportunity to attend a bit of the conference too. Members there are doing such important work on a wide range of issues, including childcare, demands for just wage increases, and tackling the violence that many social service workers face on the job. Congratulations to Brother Aubrey Gonsalves, Diversity Vice-President and National Executive Board member, who is also Chair of the social services sector in Ontario.

National Women's Conference

The week of March 12, we held our first National Women's Conference in 15 years. I want to thank the women of the National Executive Board, who advocated for this event to happen, and the staff who worked so hard to pull the conference off. We were more than 600 delegates to the conference in Vancouver, which opened the evening of the 12th with former National President Judy Darcy as our keynote speaker. Judy captivated the room, with a riveting speech about CUPE feminists breaking barriers, sharing many personal experiences of her decades in the labour movement and as an elected politician and BC cabinet minister.

Women and gender diverse members had the opportunity over four days to hear from electrifying speakers, and participate in skills-building sessions and caucuses. Many delegates told me they are returning to their locals fired up about increasing the participation of women members inside our union. It was a wildly successful event, and I come out of it with the intention of working with the National Executive Board to develop a program of initiatives to advance equity issues within CUPE. Delegates indicated their support for the creation of campaigns to increase women's wages, to ensure the kind of national childcare program we need, and of programs within the union to cultivate leadership among Black, Indigenous, and racialized members.

A special thank you to all CUPE locals who prioritized this conference and sent such a diverse group of women.

NEB Work, Staff and Committee Meetings

CUPE has already hosted a number of meetings in the first quarter of this year. We started 2023 with an NEB anti-racism training in Toronto in early January, as part of our commitment to implement CUPE's Anti-Racism Strategy. This was immediately followed by a Safe Union Spaces meeting, and we've not slowed down since.

The week following, we held the National Office staff meeting on January 17, 2023. We've also held several national committee meetings in February, and will continue to do so for the next several months. This marks the first time since the start of COVID that our national committees can resume their individual in-person meetings in Ottawa.

60th Anniversary CUPE Convention Planning

The events and logistics office in NSTO has been simultaneously planning our 2023 National Convention, which will be held in Quebec City, from October 23 to 27. This convention will mark our 60th anniversary and will also be our first in-person convention since 2019.

Some key dates to flag for your reference:

June 9 is the deadline for the convention assistance fund requests to be received.
July 25 is the deadline for resolutions and constitutional amendments to be received.
September 8 is the deadline for credentials to be submitted and requests for onsite childcare and youth camp.

Strikes and Lockouts

In Quebec, the longshore workers at the Port of Quebec City remain locked out, as they have been since September. Also in Quebec, the 150 employees of the Quebec Cannabis Society are still on the picket lines with no settlement in sight. These remain two very difficult disputes that we are working to resolve.

In Ste-Julie, municipal workers held a one-day strike in February, and are still bargaining without having reached a settlement. They have a new mandate for unlimited strike action to commence in May if they have not yet reached a deal.

In Westmount, Quebec, 125 outside workers with Local 301 held a two-day strike from February 7 to 9, and then a three-day strike March 14, 15 and 16.

In British Columbia, Fraser Valley transit workers with Local 561 shut down transit services on March 9, 10 and 11 in a rotating strike, and have been refusing to collect fares. This employer, a private, US-based bus operator, will face a full strike from our members if they do not reach agreement by March 20.

CUPE Staff Bargaining Update

At the time of finalizing this report, we have not yet reached agreements with CDU or Unifor 2013 (national representatives' unit in Quebec). A day of conciliation with CDU is planned for March 21 in the presence of a provincial conciliator, and another day of bargaining with Unifor is scheduled for March 25.

Safe Union Spaces

Sub-groups and staff have continued to work on multiple Safe Union Spaces (SUS) pieces during this quarter, including some pilot projects using restorative approaches in conflict resolution. The women of the National Executive Board have started to deliver updates on the SUS work to locals at Division Conventions, and a report will be tabled during this meeting. Following a working group meeting in early January, the SUSWG is recommending the creation of a Sexual Harassment and Gender-based Violence Prevention Office.

FINANCIAL STATEMENTS FOR THE QUARTER ENDED DECEMBER 31, 2022

GENERAL FUND

Statement of Financial Position (Balance Sheet)

Assets: The total assets in the General Fund at December 31, 2022 were \$362.3 million compared to \$351.8 million at December 31, 2021. The items of significance are discussed below.

The bank balance at December 31, 2022 was \$23.6 million, up \$5.2 million from the balance at December 31, 2021. The bank balance includes various internal cash reserves which are set aside for retirement payouts, future benefits funding, property maintenance, the Convention and the Regional Building Fund.

Liabilities: The total liabilities in the General Fund were \$311.4 million at December 31, 2022 up from \$305.2 million at December 31, 2021.

Employee Future Benefits Obligation: As at December 31, 2021 CUPE had recorded the full liability of \$240.3 million on the balance sheet and had met our goal of the Employee Future Benefit Roadmap that was put in place in 2005. Unfortunately, since then the equity markets have been on a significant downturn, and the assets we set aside to fund these liabilities lost \$8.3 million in 2022. We have continued to record the expense according to the roadmap throughout the year, but due to the large investment losses, the liability recorded for employee future benefits as of December 31, 2022 has increased by \$4.9 million, and now stands at \$245.2 million.

We will know the true amount of the liability when our actuary completes the annual valuation report, which is due in early April of this year. Final adjustments to this amount will be made for the audit and will be presented to the Board in June.

Fund Balance: The fund balance at December 31, 2022 is \$50.8 million, of which a total of \$3.6 million is restricted as follows: Convention and National Events Assistance Fund at \$1.1 million, and Regional Building Fund at \$2.4 million. Of the remaining fund balance, we have invested \$75 million in fixed assets. This leaves a negative unrestricted balance of \$27.9 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 preliminary operating surplus for the year is \$4.2 million.

Revenue: Per Capita revenue is above budget by \$4.7 million. Realized investment income is \$2.6 million over budget and the unrealized losses on investments for the year were \$13.5 million. In aggregate, revenue is \$5.4 million under budget.

Expenses: Total expenses are under budget by \$9.6 million, and some of the expense highlights are as follows:

Salaries are over budget by \$1.5 million and current benefits are over budget by \$2 million, largely due to wage increases negotiated for 2022 being higher than budgeted.

Below are some of the more significant variances from budget in the other operating expenses:

1. Operational travel is \$1.5 million under budget.
2. Fixed staffing costs are \$1.2 million under budget.
3. Overall programs are \$1 million under budget.

NATIONAL DEFENCE FUND

Statement of Financial Position (Balance Sheet)

Assets: As at December 31, 2022, we have \$28 million in total assets, compared to \$23.4 million at December 31, 2021. The cash balance at December 31, 2022 is \$6 million down from \$6.3 million at December 31, 2021. In addition, we have investments totalling \$19.5 million on the books at December 31, 2022, which is an increase of \$4.8 million from December 31, 2021.

Liabilities: We have accounts payable and accrued liabilities of \$2 million at December 31, 2022, compared to \$1.8 million at December 31, 2021. There is also \$9.8 million in cost-shared campaign liabilities, compared to \$10.3 million at the end of 2021. Finally, \$319,000 is owed to the General Fund at the end of 2022.

Fund Balance: At December 31, 2022 the Fund Balance was \$16 million, compared to \$11.1 million at December 31, 2021.

Statement of Operations

The Statement of Operations (Statement 2) shows a surplus before unrealized losses for the year of \$5.3 million. The unrealized Defence Fund investment loss for 2022 is \$438,000.

Revenue: Per capita tax allocated to the fund in 2022 was \$14.1 million, with \$4.7 million from unused campaign funds from previous years, and \$320,000 in interest earned on investments. Total revenue in the fund is at \$19.1 million.

Expenses: Total expenses in the fund in 2022 were \$13.8 million. Spending categories, which have all been previously approved by the National Executive Board, are as follows:

Cost-shared campaigns: \$6,604,519 in cost-shared campaigns were approved by the National Executive Board in 2022, with an annual budget of \$4.4 million.

Major Organizing: expenses were \$3,089,486 against an annual budget of \$4.25 million.

National Strategic Initiatives: expenses were \$2,037,420 against an annual budget of \$2.85 million.

Regional Strategic Initiatives: expenses were \$2,066,393 with a budget for the year of \$2.375 million.

NATIONAL STRIKE FUND

Statement of Financial Position (Balance Sheet)

Assets: Total assets in the National Strike Fund at December 31, 2022 are \$123.3 million, compared to \$136.7 million at December 31, 2021. These assets consist of \$907,000 in cash, \$2.5 million in per capita receivable, \$2.2 million in accounts receivable, and \$117.7 million in investments.

Liabilities: We have accounts payable and accrued liabilities totalling \$1.9 million, up from \$1.3 million at December 31, 2021. We also have a payable owing to the General Fund of \$3.0 million.

Fund Balance: The fund balance at the close of 2022 is \$118.4 million.

Statement of Operations

The fund has an operating deficit of \$11 million before unrealized losses for 2022. The unrealized strike fund investment loss for 2022 is \$5.9 million.

Revenue: Per capita tax allocated to the Strike Fund is \$14.1 million. Investment income was \$4.3 million. Total revenue for the period was \$18.4 million.

Expenses: Expenses in the fund total \$29.5 million as follows:

Strike Related Expenses: \$24,210,058

Strike Averting Expenses: \$3,473,673

STRIKES AND LOCKOUTS FOR THE Q4 2022 FINANCIAL REPORTING PERIOD

ON – Ontario School Board Council of Unions (OSBCU), central strike

ON – Local 3906 McMaster University

QC – Local 1690 Municipality of Sainte-Julie

QC – Local 5454 Société québécoise du cannabis

QC – Local 2614 Société des arrimeurs du Québec (lockout)

NS – Local 3912 Dalhousie University

Legal and Arbitration Expenses: \$919,178

Bargaining Rights Legal Challenges: \$853,996

The fund also has unrealized investment losses of just under \$5.8 million.

STRIKES, LOCKOUTS AND SETTLEMENTS FOR 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 1690 (QC) – Municipality of Sainte-Julie, 100 members on rotating strikes since December 6, 2022.

Local 301 (QC) – City of Westmount, 125 members on rotating strikes since February 2023.

Local 561-07 (BC) – First Canada ULC, transit local of 213 members on rotating strikes since February 27, 2023.

Local 4600 units 01 and 02 (ON) – Carleton University Teaching Assistants and Contract Instructors on strike since March 27, 2023.

PER CAPITA ARREARS

For the quarter ended December 2022, the total arrears were \$5,539 480, which was a decrease of \$5,996,819 or 51.98% from the previous quarter ended September 2022. Total arrears have decreased 39.21% as compared to December 2021.

INFORMATION TECHNOLOGY (IT) REPORT

With the first quarter of 2023 coming to an end, the IT Branch continues to work on approved plans for CUPE's various systems. On the member facing front, they are working on MRMS enhancements and a new WSIB management system for the Ontario Region. In administrative systems, work continues on the new information management solution, Avanti HR enhancements, and an assessment of alternatives to replace CUPE's Accounting system. On the hardware side, the team continues to plan for ongoing IT infrastructure improvements.

Member Relationship Management System (MRMS) Enhancements

In the first part of the year, the IT development team is focused on delivering enhancements to the MRMS Local Union Information (LUI) module, which includes a revamped list of officers form that will be available online, an overhaul of the employer section, and the ability to merge duplicate member records, which will help keep the data tidy.

The IT development team has started to develop a new, improved "Just Pay" application, which will eventually replace the system currently in use by our Job Evaluation staff.

WSIB Management System

In collaboration with the Workplace Safety and Insurance Board (WSIB) team in Ontario, the IT team is developing a new case management system to help better manage cases. Rollout of the new system is expected in early spring.

Information Management (IM) Solution - CUPEDocs

CUPEDocs implementation is well underway with multiple departments at National Office already using the solution. Since the beginning of the rollout, which began last year, over 150 staff members have been trained on the solution. The focus for Q1 is on further expanding the rollout, as well as launching the CUPEDocs Resource Site, and the updated document naming convention across CUPE.

The Human Resources Department is in the final phase of CUPEDocs rollout, with migrations planned for mid-March. The rollout for the National Office is almost complete with only Fleet, Properties, and Organizing and Regional Services remaining. Planning for rollout in the regions has already started, and the CUPEDocs project team is targeting Spring 2023 as a start.

Avanti Human Resources System Enhancements

The HR project to enhance the recruitment/onboarding aspect of Avanti is now live for internal employees. The HR team is preparing communications for internal employees, to announce the go-live. HR and IT are currently working with the vendor to address French language-related product gaps for external recruitment, as well as time and attendance features.

Finance System Replacement

Our current financial accounting system has been serving us for near 20 years, and is now quite outdated in terms of its functionality. It is no longer current, and is cumbersome and inefficient to use. Microsoft has also announced that it will be discontinuing support of this software in the near future.

We've identified a suitable replacement for our accounting system, and the accounting department has made a recommendation to the Managing Director of Finance and Administration to move to Dynamics 365. In Q2, the recommendation will be reviewed and confirmed, and then we will propose an implementation plan and an associated budget.

End User IT Infrastructure / IT Security

With the ongoing increase in security threats, it is imperative we continue to enhance our IT security measures and vigilance to protect CUPE IT resources and users. To that end, testing within the IT branch has been completed on an anti-malware solution for smartphones. Beginning in second quarter 2023, the solution will be implemented for all CUPE mobility users.

Successful testing has also been completed on an enhanced password policy within the IT employee group. We will deploy this new policy to senior staff in April, with a full rollout to all users in early June 2023. The new password policy will require all CUPE system users to harden their current password following industry standard IT Security standards.

Cybersecurity training is also paramount to ensure our IT environment is protected against external threats. As a condition of our cybersecurity insurance policy, we must train staff annually. We are currently working on the delivery of the 2023 staff training.

Judy Darcy Boardroom – Hybrid Meetings with Simultaneous Interpretation

IT has been in contact with multiple vendors to provide quotes to refresh the technology in the Judy Darcy boardroom, to allow for hybrid meetings with simultaneous interpretation. This will allow CUPE to host our own hybrid meetings, with high-end technology. Quotes are expected to be delivered early March 2023, and solutions implemented in Q2 2023.

PROPERTIES AND LEASEHOLDS

The property management team continues to implement and manage COVID prevention measures to maximise the safety of our staff as they return to the office. Measures include daily disinfection of points of contacts, increased ventilation and fresh air, supply of masks, hand disinfectant, and signage on prevention of transmission.

We are in the process of implementing a new standard office design, one that aligns with what we've learned about hybrid work during the pandemic. This will better serve operational requirements. The property management team will start rolling out this new design in 2023 as we relocate leased offices and renovate owned facilities.

During this first quarter of the year, we have concluded new lease agreements in New Glasgow and Victoria. We are looking at various options in London, Niagara and Edmonton. We are closer to making recommendations on a long-term solution for the Saskatchewan Regional Office in Regina.

We have started leasehold improvements projects for our new spaces in Dauphin, Oshawa and Sudbury, and continue work on the expanded space at the Manitoba Regional Office. We are also performing capital investments in several of our properties, including numerous security system upgrades.

PENSION ADMINISTRATION

The Joint Board of Trustees will have its first scheduled meeting of the year on April 12. The Trustees will discuss, among other things, the preliminary valuation results from the start of 2023. As part of the actuarial valuation process, an affordability test is conducted to verify if pensions and deferred pensions will be indexed retroactively to January 1, 2023, in line with the increase of the Consumer Price Index.

Following the filing of the actuarial valuation on September 16, 2022, the employer contribution rate was confirmed at 15.12% of pensionable earnings. In 2023, the employer contribution rate will remain the same.

Preparations are underway for the 2022 Pension Fund Audit.

Retirements

Richard Gardner, Quebec Regional Office – December 1, 2022

Lee A. Douitsis, Ontario Regional Office – February 1, 2023

Ian McLean, Comox Valley Area Office – May 1, 2023

Edward R. White, St. John's Area Office – June 1, 2023

Mario Lamontagne, Quebec Regional Office – June 1, 2023

Louise L'Heureux, Quebec Regional Office – July 1, 2023

Catherine Louli, Union Education Branch – July 1, 2023

Lisa H. McPherson, Alberta Regional Office – September 1, 2023

Michael Butler, National Secretary-Treasurer's Office – March 1, 2024

Jocelyn Tremblay, Quebec Regional Office – June 1, 2024

I want to make special mention of one of the retirees listed above. Michael Butler has served as an Executive Assistant (EA) in the National Secretary-Treasurer's Office for almost 22 years, making him the longest serving EA in the history of union. He has played a key role in planning every national convention over the last two decades, has helped to develop 21 national budgets, and has spent countless hours providing support to staff and members in the regions and at the national office. He is taking with him an enormous amount of institutional knowledge and he is going to be incredibly missed. I know you join me in thanking Michael, and wishing him the very best as he starts his well-earned retirement.

CONCLUSION

I can't deny that it is discouraging to be entering year four of living with COVID, and in an economic climate that continues to oppress our members through high inflation and high interest rates. I know the toll the last three years have taken on CUPE members. But I take heart daily from the way you show up for your communities, and for each other.

Your activism and commitment make the labour movement in this country so much stronger.

Thank you for allowing me to represent you as your National Secretary-Treasurer.

Respectfully submitted,



CANDACE RENNICK
National Secretary-Treasurer

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